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GS Caltex 2011 Sustainability Report

BRIDGE to the FUTURE

GS Caltex 2011 Sustainability Report

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ABOUT THIS REPORT

GS Caltex, as a responsible global energy company, recognizes that its top sustainability priority is to respond to such global environmental issues as: environmental pollution, climate change and the depletion of resources and energy. GS Caltex has also demonstrated its strong support for and commitment to the 10 principles of the UN Global Compact in the areas of: human rights, labour, environment and anti-corruption and has been in full compliance with them. This report is GS Caltex's 7th Sustainability Report and we publish such reports every year to share our sustainability management initiatives and accomplishments in a transparent manner. This report also serves as a channel for proactive communication with all our stakeholders whom we interact with closely in our business conduct including: shareholders, employees, suppliers, consumers, governments and the local people of Yeosu.

Characteristics of This Report

This report focuses on sustainability issues that our stakeholders are the most interested in and related accomplishments through stakeholder dialogue. It also aims to share our performance in undertaking CSR strategies as a corporate leader that responds proactively to the international social responsibility standards of ISO 26000. We followed the latest GRI(Global Reporting Initiative) G3.1 guidelines in preparing this report and applied the Advanced Level in reporting on our compliance with the UN Global Compact.

Reporting Period and Data

This report spans from January 1, 2011 to December 31, 2011 and covers our performance for the past 3 years. Performance data disclosed in this report was generated based on computer management systems in respective business domains and statistical data produced by the headquarter divisions in concern. Performance data from 2009 and 2010 was reinstated, as the calculation methodology remained unchanged in the reporting period. The last report published was in June of 2011.

Reporting Boundary

This report illustrates the economic, social and environmental performance at our headquarters in Seoul and in the Yeosu Complex. It partially includes data on our terminals, service stations, and lubricant plants and the reporting boundary is specified when deemed necessary. The New & Renewable Energy R&D Center and subsidiaries are also covered in this report.

Assurance

Each accomplishment listed in this report was objectively assured by the Korean Standards Association and the KSA confirmed that this report met the requirements for the A+ Application Level of the GRI G3.1 guidelines.



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GS Caltex



Sustainability Management Framework at GS Caltex

We at **GS Caltex** move towards sustainability management in our own **GSC Way**. Our sustainability management framework, which aims to achieve its corporate vision, is formed upon the principles of ISO 26000 (International Standard on Social Responsibility) with the 4 strategic directions of: Sustainable Operation, Reliable Energy, Accountable Engagement, and Responsible Marketing. This framework guides our endeavors in managing detailed implementation tasks.

CSR Strategic Framework

CSR STRATEGY



Our Previous Sustainability Reports

Sustainability Reports between 2005 and 2010



For inquiries or feedback on our sustainability report or for further information on sustainability management at **GS Caltex**, please feel free to visit our corporate website at (<http://www.gscaltex.com>) or contact the Environment & Product Quality Planning Team. Our financial reports can be viewed at the DART(Data Analysis, Retrieval and Transfer System) website(<http://dart.fss.or.kr>) at the Financial Supervisory Service.

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Corporate History

Growth & Development: 1966 - 1989

- Dec. 1966 Joint Venture Agreement signed with Caltex Petroleum Corp. in the U.S.
- May 1967 Honam Oil Refinery Co., Ltd. incorporated
- Jun. 1969 No. 1 CDU in the Yeosu Refinery completed (60,000 BPSD)
- Jun. 1981 Yeosu Refinery expanded (380,000 BPSD), 1st crude wharf completed
- Jan. 1986 R&D Center established
- Apr. 1988 Polypropylene plant completed (120,000 MTA)
- Dec. 1989 Polypropylene plant expanded (from 120,000 MTA to 180,000 MTA)

Management Rationalization & Business Diversification: 1990 - 1999

- Sep. 1990 1st P-X plant (200,000 MTA) and 1st aromatics plant (500,000 MTA) completed
- Oct. 1991 1st kero-diesel hydro-desulfurizing unit completed (50,000 BPSD)
- Sep. 1995 1st RFCC (Residue Fluid Catalytic Cracker) completed (70,000 BPSD) and an overseas office in Singapore opened
- May 1996 Renamed as LG-Caltex Oil Corporation
- Feb. 1997 Kuk Dong City Gas Co., Ltd. (Now Yesco) acquired
- Nov. 1998 Central Technology R&D Center in Daejeon completed

Innovation & Upgrades: 2000 - 2005

- Jan. 2000 New vision of 'The Leader in Providing Total Energy Service' declared
- Jun. 2000 LG Power Co., Ltd. (Now **GS Power**) established
- Aug. 2000 Seorabeol City Gas Co., Ltd. established
- Jan. 2001 Haeyang City Gas Co., Ltd. acquired
- Apr. 2003 No. 3 Paraxylene Plant completed (1.2 million MTA)
- Sep. 2003 Order for the commissioned operation of refining plants in Sohar, Oman landed
- Mar. 2005 Renamed **GS Caltex Corporation**

Leader in Providing Total Energy Service: 2006 - 2012

- Jun. 2006 **GS Caltex** (Langfang) Plastics Co., Ltd. established
- Aug. 2006 **GS Caltex** Foundation launched
- Dec. 2006 New & Renewable Energy R&D Center opened
- Aug. 2007 No. 2 HOU unit completed-VDU (Vacuum Distillation Unit) 150,000 BPSD HCR (Hydrocracker) 55,000 BPSD, Lubricant base oil plant completed (16,000 BPSD)
- Sep. 2007 Hydrogen Station opened
- Nov. 2007 1st Aromatics plant expanded (2.8 million MTA)
- Dec. 2007 Cheongpyeong Research Center established
- Oct. 2008 Yeosu No. 1 plant expanded (700,000 BPSD)

- Dec. 2008 No. 4 diesel desulfurizing unit completed (70,000 BPSD, 260,000 barrels in total)
- Jan. 2009 HOU capacity increased-RFCC (from 93,000 BPSD to 94,000 BPSD) HCR (from 60,000 BPSD to 61,000 BPSD)-155,000 barrels in total, Power Carbon Technology established (Joint Venture Agreement signed with Nippon Oil Corp.)
- Jul. 2009 Yeosu No. 1 plant expanded (700,000 BPSD), Lubricant base oil plant's production capacity increased (from 16,000 BPSD to 23,000 BPSD)
- Oct. 2009 Yeosu No. 1 plant expanded (750,000 BPSD), Kero-diesel hydro-desulfurizing unit expanded (272,000 BPSD)
- Feb. 2010 **GS Caltex** India Private Limited established, Equity investment in the onshore Block 7 in Bangladesh made
- Mar. 2010 PCT (Power Carbon Technology) production facility completed
- Jun. 2010 HOU unit completed-VRHCR (Vacuum Residue Hydrocracker, 60,000 BPSD), 215,000 barrels in total
- May 2011 No. 3 VRHCR's completion ceremony held, No. 4 VGO FCC's groundbreaking ceremony held, Cathode plant's groundbreaking ceremony held
- Sep. 2011 **GS Aromatics** Japanese office opened
- Jan. 2012 **GS Energy** launched



BRIDGE to the FUTURE

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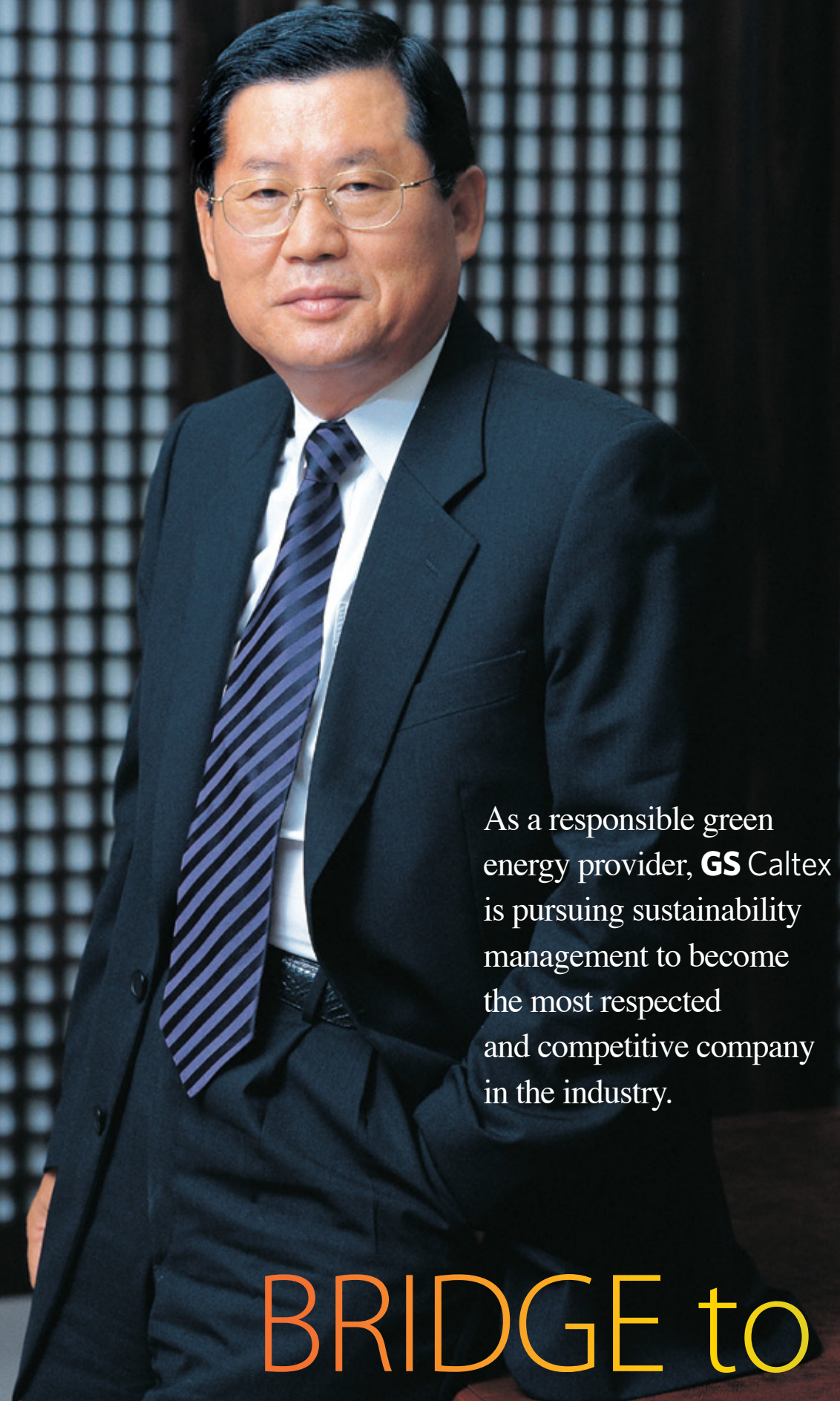
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CEO MESSAGE



As a responsible green energy provider, **GS Caltex** is pursuing sustainability management to become the most respected and competitive company in the industry.

BRIDGE to

As the chair of the Korea Business Council for Sustainable Development (KBCSD), **GS Caltex** has taken the lead in improving energy efficiency and promoting harmonious development of the economy, environment and society for the last decade.

With the spread of the Eurozone debt crisis and the deterioration of the world economy, the very survival of many businesses is being threatened. Despite the challenging business environment, **GS Caltex** is continuing to pursue sustainable development through large-scale investments.

According to the National Customer Satisfaction Index survey in 2011, **GS Caltex** maintained the No.1 ranking in the service station sector for 3 consecutive years thanks to the support of our customers. In addition, the full operation of the No.3 Heavy Oil Upgrading facility (HOU) significantly improved **GS Caltex's** competitiveness in exporting eco-friendly light petroleum products and as a result, **GS Caltex** exported 83.3% of annual crude oil import value in 2011. In recognition of this achievement, **GS Caltex** became the second company in Korea to receive the "\$20 Billion Export Tower Award." With the completion of the perfect complex in 2013, when the No.4 HOU begins commercial operation, **GS Caltex** will be able to expand its export market and solidify its position as a global energy company contributing to the enhancement of Korea's national competitiveness.

In addition to strengthening our existing businesses for sustainable growth, **GS Energy** was established as a new platform to secure future growth engines. The new business structure will enable **GS Caltex** to focus on its core businesses including petroleum, petrochemicals, and lubricants business and further strengthen its competitiveness. **GS Energy**, a holding company specializing in energy business, will create synergistic effects with **GS Caltex** by identifying and developing new business areas with growth potential.

Serving as the chair of the Korea Business Council for Sustainable Development (KBCSD) for the last decade, **GS Caltex** has taken the lead in improving energy efficiency and promoting harmonious development of the economy, environment and society. At the 2012 World Business Council for Sustainable Development (WBCSD) Council Meeting to be held in Seoul in October, we plan to promote Green Leadership of Korea and Korean enterprises by discussing ways to expand clean energy sources.

We are continuing to fulfill our Corporate Social Responsibility (CSR) by taking various initiatives focused on two main themes, "Green Sharing" and "Community Involvement", under the slogan of "Beautiful Korea through Energy Sharing." In particular, the completion of the Yeosu Culture and Arts Park "Yeulmaru", a venue where public can experience high-quality culture and arts, and the "GS Caltex Energy Field," an independent exhibition hall in the Expo 2012 Yeosu, played a significant role in pursuing our CSR initiatives.

As a responsible green energy provider, **GS Caltex** is pursuing sustainability management to become the most respected and competitive company in the industry. We sincerely ask all our stakeholders for their continued interest and support.

June 2012
Chairman & CEO
Dong-Soo Hur

the FUTURE





Sustainability at GS Caltex

At **GS** Caltex, we undertake sustainability management initiatives based on our unique **GSC** Way and through the 7 core subjects of the ISO 26000. Every issue regarding sustainability management requires the approval of the CSR Committee and the quarterly CSR Committee meeting reports relevant progress to the company CEO.



Our sustainability management initiatives in 2011 were to collect feedback from stakeholders and select and address CSR issues, by considering our sustainability management strategy framework and the ISO 26000 in an integrated manner, in accordance with the outcomes of analysis conducted, which were based on the ISO 26000 compliance evaluation indicators developed internally by **GS** Caltex.

Major CSR Achievements

OUR CHALLENGE		OUR RESPONSE
CSR STRATEGY	CSR Issue	2011 Implementation Task
1. SUSTAINABLE OPERATION		
	Low Carbon Environmental Management	Climate change response activities should cover the entire spectrum of the value chain
	Great Work Place	Human rights policies regarding suppliers / subsidiaries should be stipulated and undertaken systematically
2. RELIABLE ENERGY		
	Extension of Product and Service Responsibility	Environmental hazards should be reduced through responsible product development
	Establishment of Future Energy Leadership	Endeavors are required to secure future energy leadership
3. ACCOUNTABLE ENGAGEMENT		
	Fair Operation	Proactive endeavors are required to prevent violations of fair operating regulations
	Community Involvement and Development	Stronger endeavors should be made to facilitate social responsibility in the other organizations in the value chain
	Strengthened Stakeholder Identification and Engagement	The development and utilization of technology for local communities is required and contributions and support should be geared toward reduced dependency on them
4. RESPONSIBLE MARKETING		
	Promotion of Sustainable Consumption	The visions of social responsibility and strategy should be integrated with the structure of the company-wide vision and CSR should be considered in making employee performance evaluations
	Protection of Consumer Rights	Systematized process should be set up to identify major stakeholder issues

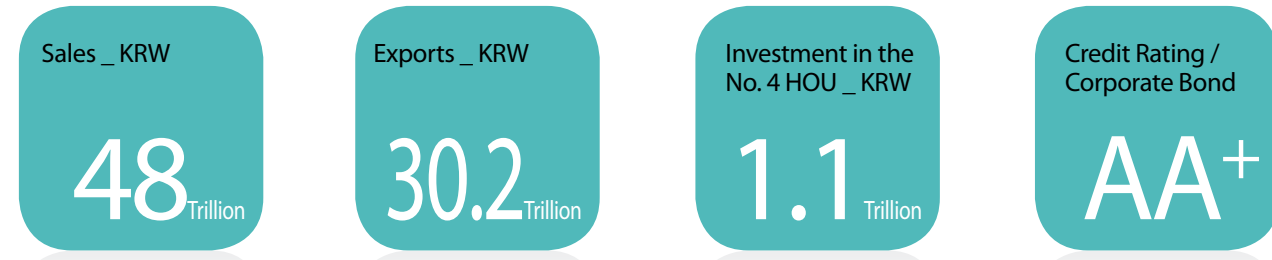
OUR RESPONSE	OUR COMMITMENT		
	2011 Major Achievements	Progress	2012 Implementation Task
Low-carbon energy policies were performed on the entire spectrum of product purchasing, production, and used in every establishment by function	➔	Introduction of the in-house carbon neutral programs	17-24
Revised standards (draft) were set in accordance with such international norms as the UN Human Rights Declaration and human rights responsibility regulations (proposals)	●	Programs to enhance safety awareness of employees and suppliers (economic, social and cultural arena, civil rights and political rights)	30
Dispute-free collective wage bargaining was concluded and the retirement age was extended to 60 in 2011	●	Investigation of labor conditions for the vulnerable including service stations and suppliers and identification of possible improvements	25-27
The world's best-in-class quality was recognized by the Ministry of Environment, an improvement from the environmental quality grades of 4~5	➔	-	34
Waste treatment business was expanded through the establishment of GS Energy and its existing subsidiaries	●	-	37-39
Fair operating practice procedures were created and training was strengthened for business units with high/fair operational risks	➔	Tightening of social responsibility-related requirements in signing purchasing/service bidding contracts	41-44
Transaction practices among Tier 1 and Tier 2 suppliers were improved, Ethics management training was given to suppliers, Suppliers were supported to establish voluntary compliance programs	●	Development of technology transfer programs for local communities	45-49
Existing programs including job training for women continued, Support was given to industry-academia-government partnership projects under the Innovation Center for Safety Diagnosis Technology of Heavy & Chemical Facilities, Chonnam National University, Support for Technician School in Yeosu City	●	Establishment of performance evaluation systems for social responsibility management	14-15
CSR strategy framework was set and 1st-year implementation tasks were identified	●	Designation of R&R to ensure integrated management of stakeholder engagement	51-52
Stakeholder engagement process was completed to identify issues to be reported	●	Creation of integrated management programs	53-55
Integrated management of stakeholder engagement was explored	➔	Sustainable consumption campaign	
Green driving campaigns were undertaken in service stations and filling stations, The GS Caltex guarantee system was strengthened (use of authentic fuel products)	●	Database of success stories	
On-the-spot eco campaigns for service station employees were undertaken	●		

● Completed ➔ On-going

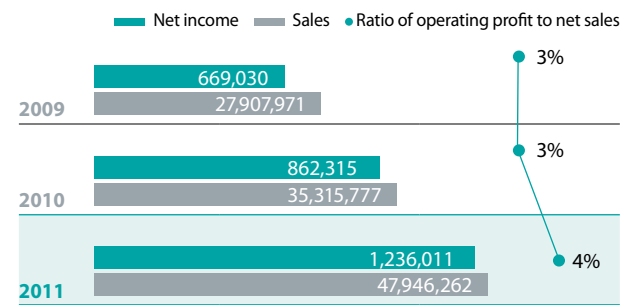
Key Performance of GS Caltex

Economic Performance

We at **GS Caltex** ensure that issues and achievements that have the greatest impact on our sustainability as a company, are addressed at the top management level in the 3 sustainability management pillars of: economy, environment and society. Our No. 3 HOU VRHCR commenced its full operation in 2011 to further boost our competitive edge in the export market.

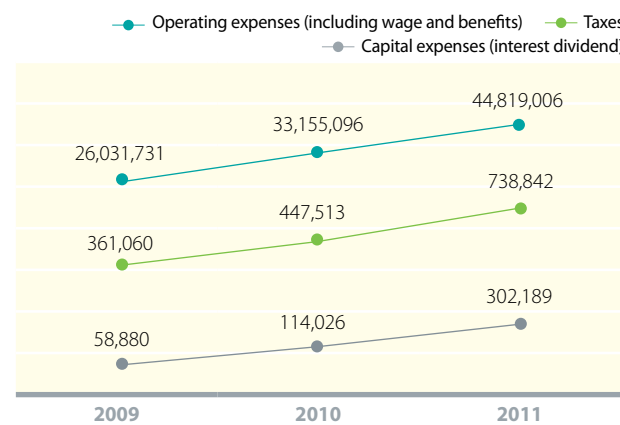


Key Financial Indicators (unit: KRW million)

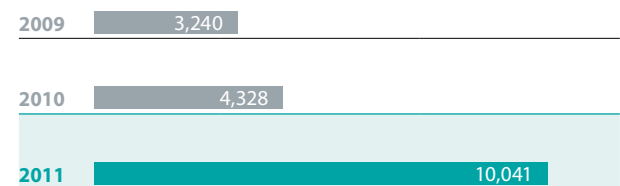


Based on Consolidated Financial Statements

Distributed Economic Values (unit: KRW million)



Government Grants (unit: KRW million)



Based on Separate Financial Statements

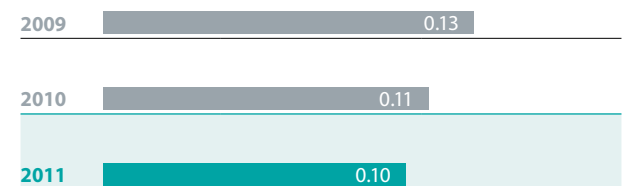
Consolidated Statement of Financial Position (unit: KRW million)

	2009	2010	2011
Current assets	9,340,284	10,413,150	12,952,900
Cash and cash equivalents	1,101,202	760,976	374,593
Non-current assets	11,798,955	12,432,839	12,585,658
Current liabilities	7,620,466	9,080,422	10,472,621
Non-current liabilities	6,227,541	5,691,650	6,133,755

Domestic/Overseas Credit Rating in 2011

	Credit Rating Agency	Credit Rating	Rating Date
Domestic	Domestic corporate bond	NICE	AA+ 2011-11-04
		KIS	AA+ 2011-11-04
		Korea Ratings	AA+ 2011-05-16
Domestic	Domestic commercial paper	NICE	A1 2011-11-04
		KIS	A1 2011-11-04
		Korea Ratings	A1 2011-12-28
Overseas	Foreign long-term bonds	S&P	BBB 2011-03
		Moody's	Baa 2011-05

R&D Expenses against Sales (unit: %)



Environmental & Social Performance

In particular, our environmental and social performance is under stringent management through the CSR Committee. To outline relevant outcomes, our new global-level performance indicators will be disclosed in next year's sustainability report.

Strategic Direction	Strategic Tasks	Item	2009	2010	2011
STRATEGY 1. SUSTAINABLE OPERATION	Establishment of the Low carbon Environmental Management System	Emissions of air pollutants (ton/year)	11,741	12,071	14,240
		Designated clean service stations (No. of stations)	99	119	123
		Discharge of water pollutants (ton/year)	329.1	236.1	266.8
		Water consumption (ton/year)	36,662	50,159	38,369
		Recycled water (ton/day)	3,367	3,553	3,669
		Discharge of waste (ton/year)	11,365	14,922	16,324
		Discharge of hazardous chemicals (ton/year)	5,902	7,616	8,656
		Environmental investments (KRW 100 Million)	2,001	1,014	299
		Total GHG emissions (1,000 tCO2eq)	6,101	6,492	7,581
		-Direct emissions	5,301	5,490	6,308
		-Indirect emissions	799	1,002	1,273
		Oil spills (No. of spills occurred)	0	0	0
		Marine pollution prevention training (No. of rounds)	10	10	10
		Upgrading (%)	20.7	28.7	28.7
		Great Work Place	No. of unionized employees (%)	1,198(68)	1,186(69)
	No. of employees (No. of persons)		3,100	3,147	3,205
	New hires over the past 3 years (No. of persons)		397	251	223
	-Regular employees		47	128	179
	-Non-regular employees		350	123	44
	Resigned employees (resignation rate)		149(4.59)	150(4.55)	184(5.42)
No. of meetings and issues proposed to the Industrial Health and Safety Committee (No. of suggestions)	20		20	20	
TRIR (total recordable incident rate per 200,000 man-hours)	0.12		0.04	0.06	
No. of supplier employees who attended safety management training (No. of persons)	5,410		24,620	11,800	
Health & safety training at Yeosu Complex(h/person)	21.5/1829		21.5/1342	21.5/1387	
Male employees (%)	88.1		88.5	88.3	
Female employees (%)	11.9		11.5	11.7	
Employment of the physically-challenged and other vulnerable people	0		0	0	
Training hours per employee (No. of hours)	85		85	102	
STRATEGY 2. RELIABLE ENERGY	Extension of Product and Service Responsibility		LNG imports (ton)	62,634	248,530
		Crude oil imports (barrel)	235,702,775	256,548,013	259,630,029
	Future Energy Leadership	R&D expenses against sales (%)	0.13	0.11	0.10
STRATEGY 3. ACCOUNTABLE ENGAGEMENT	Fair Operation	Outcomes of employee ethics training	-	-	3,337
		No. of violations of fair trade regulations (No of violations)	2	1	1
	Community Involvement and Development	Contributions to local community by year (KRW million)	33,605	32,769	56,552
		Participants in social volunteering organizations (No. of persons)	5,937	6,654	6,371
STRATEGY 4. RESPONSIBLE MARKETING	Promotion of Sustainable Consumption	Green purchasing (KRW million)	4,639	5,610	10,434
		No. of service stations equipped with vapor recovery unit (%)	191(72)	238(86)	256(96)
	Protection of Consumer Rights	Customer complaint handling time (hours)	3.3	2.8	2.4
		Satisfaction with customer compliant handling	65.6	65.7	65.2
		No. of participants in KIXX-Express training (service station)	1,535	1,685	1919
		No. of participants in KIXX-Express training (filling station)	57	238	102

GSC Way

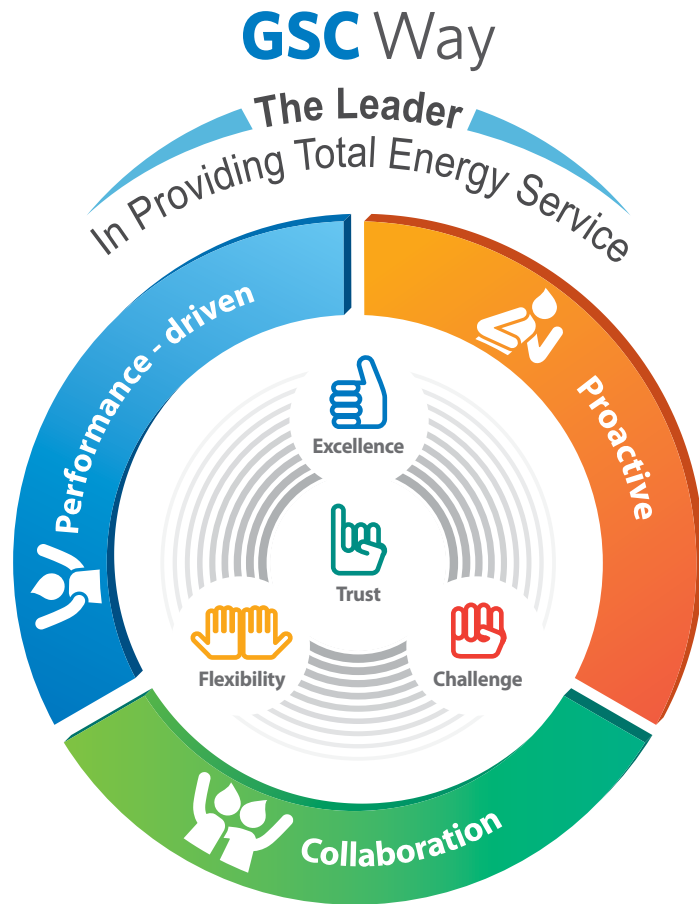
GSC Way

GSC Way, the promise we all should keep together

GS Caltex's vision is to be accomplished through GSC Way. GS Caltex announced GSC Way in January 2012 and is striving to practice GSC Way in its policies, management and daily business activities to achieve the vision.

Reasons for creating GSC Way

In order to achieve the company's vision of "The Leader in Providing Total Energy Service" and management goal of "Bridge to the Future", and proactively prepare for future changes in the business environment, GS Caltex provided a common framework of principles which is applicable to all employees. GSC Way was upheld through executive meetings, employee surveys, and internal/external expert workshops.



Organizational Values

- Trust** _ Fulfill one's role, trust and respect one another
- Flexibility** _ Welcome diversity with an open mind and behavior
- Challenge** _ Set high goals and pursue them aggressively
- Excellence** _ Strive for excellence in individual and organizational performance

Core Behaviors

- Proactive** _ Think ahead and be the first to act
- Collaboration** _ Concentrate internal and external resources and capabilities
- Performance-Driven** _ Create tangible results

GSC Way Charter

Based on our organizational values of Trust, Flexibility, Challenge and Excellence, We will:

- Think ahead and be the first to act
- Concentrate internal and external resources and capabilities
- Create tangible results

We will achieve our vision through the GSC Way

GS Caltex Corporate Profile

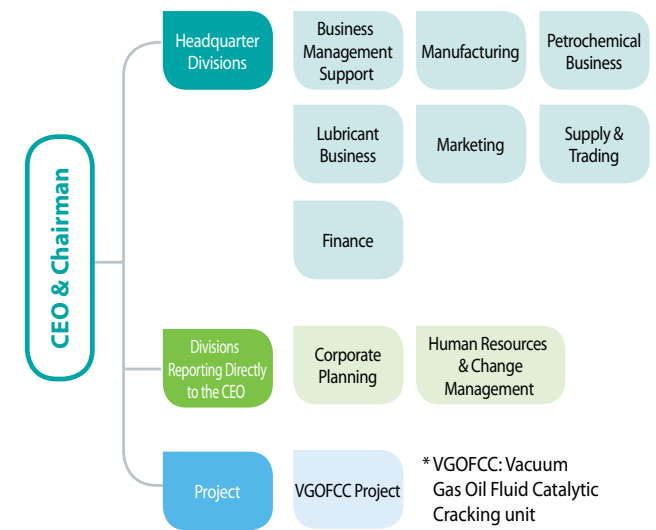
GS Caltex meets its domestic demands with high-quality, eco-friendly products, while contributing to the national economy with increased exports, through the creation of its own global competitive edge, acquired through sustained investments.

GS Caltex Corporate Overview

Company Name	GS Caltex Corporation
Date of Establishment	May 19, 1967 (Incorporated as Honam Oil Refinery Co., Ltd.)
Flagship Brands	
Location of Headquarters	Headquarters: GS Tower, 678 Yeoksam-dong, Gangnam-gu, Seoul, Korea Plant: Yeosu Complex-1056 Wolrae-dong, Yeosu City, Jeonnam Province, Korea
Overseas Office and Subsidiary	Singapore, China, UK(London), India, Russia, Japan and Abu Dhabi
No. of Employees	3,205
Organizational Structure	7 headquarter divisions, 1 project (restructured on January 1, 2012)

Organizational Structure

With the establishment of GS Energy, our organizational structure changed from: 8 headquarter divisions and 1 project-to: 7 headquarter divisions and 1 project on January 1, 2012.



Overseas Network

- | | | | |
|---------------------------------------|---|---|--------------------------------------|
| GS Caltex London Branch | GS Caltex Beijing Representative Office | GS Caltex Singapore Pte, Ltd. | GS Czech, s.r.o. |
| GS Caltex India Private Ltd. | GS Caltex (Qingdao) Petroleum Co., Ltd. | GS Caltex (Qingdao) Energy Co., Ltd. | GS Abu Dhabi Branch |
| GS Caltex (Jinan) Energy Co., Ltd. | Qingdao Lidong Chemical Co., Ltd. | GS Caltex (Langfang) Plastics Co., Ltd. | GS Caltex Corporation Japan office |
| GS Caltex (Suzhou) Plastics Co., Ltd. | GS Caltex (Yantai) Energy Co., Ltd. | GS Caltex Russia Representative Office | GS Caltex (Suzhou) Trading Co., Ltd. |

Business Domains



Petroleum

At **GS Caltex**, our oil refinery facility is capable of producing 775,000 barrels of oil a day and our heavy oil upgrader(HOU) is the largest in Korea with the daily production capacity of 215,000 barrels. We export more than 50% of the petroleum products that we manufacture. With the established infrastructure of 3,000 service stations and 400 filling stations nationwide, we meet more than 30% of Korea's petroleum demand supply and take the lead in enhancing Korea's competitive edge in the petroleum industry.



Base Oil and Lubricants

Commencing full-fledged production in 2007, our base oil facility is capable of producing 26,000 barrels daily. About 75% of our base oil revenue comes from India, China, Russia and the rest of the world. This contributes to Korea's foreign exchange reserves and the relevant operating profit ratio is above 25%. Our lubricant business produces 9,000 barrels of lubricants a day and 8,000 tons of grease products annually. Our lubricant business is recognized for its inspired product performance and technology as the champion in the domestic finished lubricants market, in terms of both market share and sales volume.



LNG and City Gas

Since the first import of LNG for internal use in 2009, we directly imported 250,000 tons of LNG in 2010 and 360,000 tons in 2011. We plan to import more than 1.5 million tons a year continuously after 2015, for both internal consumption and for new power plants. Our subsidiaries at Haeyang City Gas and Seorabeol City Gas assist us in providing safe and convenient city gas stably.



New & Renewable Energy

In order to proactively respond to the low-carbon, green-growth policy of the Korean government and to secure future growth engines, our New & Renewable Energy business covers fuel cells, thin film cells, various cell materials and other next-generation energy storage devices. In order to take the lead in contributing to eco-friendly and green society, it also engages in the recycling of disposed materials such as: waste, waste plastics and waste catalysts.



Petrochemicals

Our petrochemical business covers the global market, including the U.S. as well as Taiwan, China, Japan and other parts of Asia, with an emphasis on aromatic products such as paraxylene. More than 90% of the revenues come from the export markets. As part of our proactive global market expansion initiatives in 2011, **GS Caltex Czech, s.r.o** was established in the Czech Republic and the No. 2 composite resin plant in Suzhou, China began commercial operations, with an annual capacity of 37,000 tons.



Electric & District Heating

We operate LNG-powered combined cycle power plants through our subsidiary **GS Power Co., Ltd.** and our affiliated company, **GS EPS Co., Ltd.**, in order to produce and supply electricity and district heating. **GS EPS** runs 1,000,000 kW LNG combined cycle power plants in Dangjin-gun, South Chungcheong Province and **GS Power** runs 900,000kW combined heat and power plants and district heating facilities in the Anyang and Bucheon areas.



Exploration & Production

We are actively seeking out new business opportunities with the long-term goal of internally sourcing 10% of the daily refinery capacity through the development of oil fields. As of the end of 2011, we had 8 exploratory wells including the NE Natuna oil well in Indonesia, in addition to the 7 exploratory wells that our holding company, (**GS Holdings**) has. In all, 15 such wells are in our possession through equity investment and they form the basis of our oil field development business.



Eco Business

To lay the foundation to lead the global market, we continue our large-scale investments for a greener future. Our green investments follow a two-thronged approach: making conventional business greener and pursuing new green business areas. Our top priority here is achieving 'high energy efficiency' and we will expand large-scale green investments to continue to produce and supply high value-added and cleaner energy.

Management Innovation Initiatives

Six Sigma Management Innovation Initiatives

We at **GS Caltex** introduced Six Sigma initiatives in 1999 as a company-wide integrated innovation program to achieve sustainable profit growth. By 2011, our continuous efforts for innovation led to 300 Champion projects, 800 BB* projects and 3,800 GB* projects. With these achievements, we are moving towards the goals of creating financial benefit, developing leaders and improving the way we work.

Building Company-wide Innovation Culture

In 2011, "Champion Project Evaluation Committee" was held in order to set stretched goals and support to achieve them. In addition, each business unit was encouraged to take creative

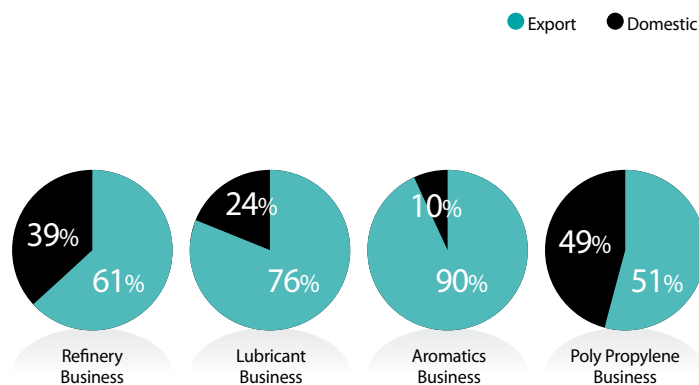
innovation initiatives. This led to the creation of a company-wide innovation culture beyond the Six Sigma initiatives. Our goal for 2012 is internalizing of the Six Sigma initiatives into our daily operations in order to achieve KRW 100 Trillion in sales by 2017.

No. of Six Sigma Projects, Financial Benefit and No. of Certified Employees

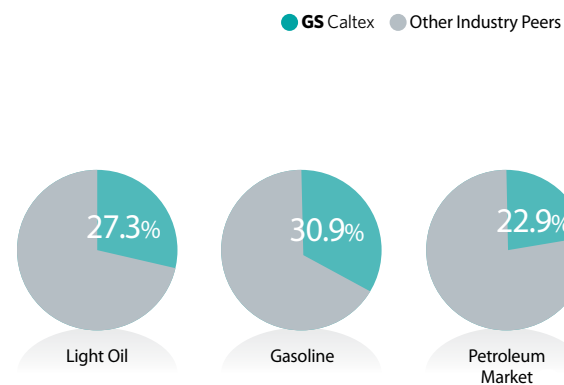
		2009	2010	2011
Champion Project	No. of Projects	50	52	52
	Financial Benefit (KRW 100 million)	1,654	708	531
GB* Project	No. of Projects	464	455	432
	Financial Benefit (KRW 100 million)	533	326	317
No. of Certified Employees	MBB*	0	5	3
	BB*	52	53	55
	GB*	214	432	35

* MBB(Master Black Belt), BB(Black Belt), GB(Green Belt)

Ratio of Domestic/Export Markets by Business Domain in 2011



GS Caltex's Share in the Domestic Market in 2011



Corporate Governance

Since our inception in 1967, **GS** Caltex has been promoting transparency in management through the decision-making system under the supervision of the Board of Directors (BOD).

Corporate Governance

GS Caltex was founded in 1967 as Korea's first private oil company with an aim to import, manufacture and sell petroleum products. The company maintained a 50:50 joint venture structure between **GS** Holdings and Chevron until 2011. With the establishment of **GS** Energy, a wholly owned subsidiary of **GS** Holdings, in January 2012, the company's ownership changed to a 50:50 joint venture between **GS** Energy and Chevron.

BOD-centered Decision-making System

GS Caltex is committed to enhancing efficiency and transparency in management activities through the decision-making system led by the BOD. The recommendations of director nominees are made in accordance with the respective internal procedures and guidelines of both shareholders and the final appointment is made at the General Meeting of the Shareholders.

The BOD is comprised of 10 directors who possess professional expertise and risk management capabilities. The Chairman and CEO of **GS** Caltex also serves as the Chairman of the Board. 7 Board meetings were held in 2011 to address major agenda items such as the Kero Merox Project, marketing strategies and the 2012 business plan.

BOD Members (as of May 1, 2012)

Name	Position
Dong-Soo Hur	Chairman & CEO, GS Caltex
Kyung-Suk Suh	Vice Chairman & CEO, GS Holdings
Jin-Soo Huh	Vice Chairman, Marketing & Business Management Support, GS Caltex
Wan Bae Rha	Vice Chairman & CEO, GS Energy
Sang Ho Chyun	President, Manufacturing, GS Caltex
R. C. Krogmeier	Vice President, Chevron International Products
P.V. Bennett	Vice President and Treasurer, Chevron Corporation
C. R. Anderson	Vice President, Chevron Manufacturing
P. J. Blough	Vice President, Chevron Gas and Midstream
R. D. Edwards	Country Chairman, Chevron Korea

Board Committees

There are 3 committees operated under the **GS** Caltex Board of Directors: Accountability Committee, Audit Committee (different from the audit committee under the commercial code) and the LNG Procurement Management Committee. A total of 8 committee meetings were held in 2011.

BOD Performance and Prevention of Conflicts of Interest

As our BOD members are from **GS** Caltex, **GS** Holdings, **GS** Energy and Chevron, their executive compensation schemes follow the internal policies of the respective company. The members are not compensated separately for their BOD activities. The board resolutions require an affirmative vote of more than two-thirds of all registered directors, as stated in the Articles of Incorporation. To ensure the independent operation of the BOD and prevent any possible conflicts of interest, the board members are prohibited from exercising their voting rights on agenda items are of special interest to them.

Junior Board

In October 1993, **GS** Caltex launched Junior Board, a group made up of passionate and professional junior-level employees who were carefully selected. Junior Board facilitates a bottom-up communication channel for employees to present their opinions to CEO. They proposed 132 ideas and about 70% of them were reflected in business activities. In the first half of 2012, the 37th Junior Board is operated.

CSR Committee

GS Caltex launched the Social Contribution Committee in July 2005 in order to set social contribution policies and make relevant important decisions. The committee was expanded and reorganized into the CSR Committee in April of 2010. The CSR Committee consists of the company CEO, who serves as the committee chairman and the presidents who serve to create a venue to make discussions and decisions on major CSR issues. The committee held 4 regular meetings in 2011 to address such CSR agenda items as: environmental and local community issues, with a focus on how to respond to the ISO 26000.

We also recognize that meeting our social responsibilities through our CSR Committee forms an integral part of our corporate governance and are dedicated to enhancing the level of compliance.

Global CSR Initiative

Member of the UN Global Compact(UNGC)

We joined the UN Global Compact, the UN-level international agreement on corporate social responsibility, in December of 2010 and declared our commitment to supporting and practicing the UNGC global standards in the 4 areas of: human rights, labour, environment and anti-corruption. In 2011, our CSR Committee made the decision to stipulate human rights policies and relevant internal policies were improved accordingly in February of 2011.

Green Growth Business Dialogue

In his capacity as head of the Green Growth Business Dialogue (a body established under the Presidential Committee on Green Growth for communication with businesses), our CEO Dong-Soo Hur, is making significant contributions to the Korean government's green growth strategy, by providing a venue for communication and dialogue between the government and private companies.

Response to the ISO 26000

To ensure proactive response to and enhanced compliance with the ISO 26000 (International Standard on Social Responsibility), we moved faster than other companies to form the ISO 26000 Task Force in June of 2010 to develop ISO 26000-based CSR compliance diagnostic indicators, set up the CSR strategic framework and identify response tasks. Major response tasks aim to improve our compliance with human rights, the environment, local community involvement & development and other topics that correspond to the 7 core subjects of the ISO 26000. This, in turn, assists us in improving the sustainability of **GS** Caltex as a responsible corporate citizen.

Risk Management System

Risk Management Committee

We follow the precautionary principle in managing risks within the economic, environmental and social areas. Our Risk Management Committee has been up and running since May of 2004, in order to evaluate and manage risks that we face regarding fluctuations in foreign exchange rates and oil prices. The committee chairman is our company CEO and its members are **GS** Caltex executives, working in relation with finance and Supply & Trading. The committee contributes to the sustainable development of the company by making important decisions on risk management.

Risk Management System at GS Caltex

Integrated Risk Management of GS Caltex

Economic Risk	Social Risk	Environmental Risk
Risk Management Committee	CSR Committee	Environmental Safety Committee
Management of price-related business risks on international oil prices and foreign exchange rates	Management of compliance with social responsibility covering human rights, labor and consumers	Implementation of EHS policies and strategies

Proactive Risk Management and Strategic Response

“ In times of uncertainties like today, a company's success is determined by how proactive the company is in responding to risks. Action plans should be set in advance for each scenario, in consideration of all possible risks, and these plans should be put into action in a timely and efficient manner to turn each crisis into an opportunity. ”

From the CEO's New Year's Message

GS Caltex's Contributions to KBCSD and WBCSD

GS Caltex has served as a business leader, in the capacity of the chair of the KBCSD(Korea Business Council for Sustainable Development) launched in 2002, for the sustainable development of the Korean industry. In addition, we invited the 2012 general meeting of the WBCSD(World Business Council for Sustainable Development) to Korea as a member of the WBCSD and we are dedicated to the successful hosting of the event.



Report Content Definition Process

We at **GS Caltex** followed both the GRI report content definition rules and the ISO 26000 procedures, to choose material issues and define the report content in a bid to both review the material issues identified in 2010 and to discover new issues.

1 Recognizing Social Responsibility

Media Analysis

A total of 4,060 media articles regarding social responsibility in 2011 were analyzed, which revealed that issues concerning consumers, the environment and fair operating practices were higher in number than other issues, compared to 2008, 2009 and 2010.

Major Issues Covered by the Media

- Consumer Issues: Consumer support issues (including prices of heating oil)
- Fair Operating Practices: Expansion of ethics management and strengthened shared growth
- Community Involvement: Expansion of a philanthropic culture and the protection of cultural assets
- Labor Practices: Excellent Workplace Innovation Company' chosen by the Ministry of Employment and Labor
- Environment: Stronger competitive edge in export, through the refining of high sulfur heavy oil

Performance Indicator Analysis of Industry Peers

The **GS Caltex** level of performance reporting on our sustainability report was compared against those of other major refineries both domestically and abroad on an indicator unit. Those indicators whose reporting levels were relatively low as a result of such analysis were reviewed and their reporting levels were enhanced wherever deemed appropriate.

Re-diagnosis of CSR Compliance

We used the ISO 26000 diagnostic indicators that we developed internally to evaluate the level of our compliance with CSR principles just as we did in 2010. The overall level was enhanced even further this year, thanks to such initiatives as: the development of human rights policies and guidelines, the introduction of energy management systems, the introduction of fair trade safeguards and the promotion of sustainable consumption.

2 Stakeholder Identification and Engagement

Stakeholder Identification

The outcome is identical to that of 2010, which was identified through the ISO 26000 standards.

In-depth Interview with Stakeholders

In-depth interviews were conducted with the representatives of the 9 core stakeholder groups at **GS Caltex**.

Stakeholder Research

On/off-line surveys were performed on stakeholders between February 24th and March 8, 2012.

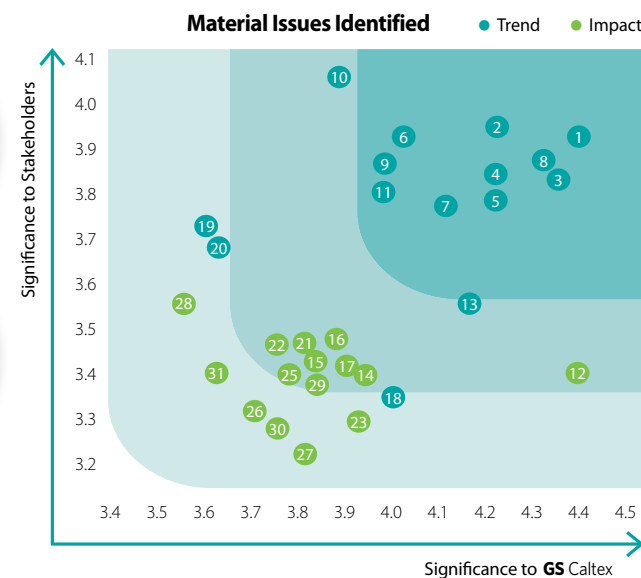
3 Materiality Test

Relevance Test

Relevant issues were assessed for their level of materiality to **GS Caltex** and to stakeholders, which were then screened. (ISO 26000 7.3.2.1)

Significance Test

Relevant issues were assessed for their significance to **GS Caltex** stakeholders, which were then scored.



Material Issues Identified

The materiality test conducted through stakeholder engagement assisted us in identifying 52 relevant issues out of 115 sustainability issues. From the 52 issues, 31 were then finalized to be reported through the materiality test.

2011 Priority	Material Issue	Employees	Suppliers	Governments	Service Stations	Individuals	Local Community (YeoSu)	NGO	Shareholders/Investors	Subsidiaries	2010 Priority	No. of Pages
1	Growing instability in global politics	★	★			★					25	3,33-36
2	Growing demand for fair trade	★	★		★	★	★			★	3	41
3	Increasing influence of government policy	★		★		★					27	17
4	Increasing sources of alternative energy	★					★				9	38
5	Tightening environmental regulations	★									2	18
6	Increasing waste that pollutes the environment		★					★			15	20
7	Growing demand for transparency						★		★		1	41
8	Prevention of environmental pollution	★	★		★	★	★				5	19-20
9	Increasing number of consumers who value health and eco-friendly society						★	★			8	51-52
10	Customers' growing price sensitivity			★	★	★			★	★	17	12,43
11	Depletion of natural resources (fossil fuel, etc.)			★					★		16	39
12	Expansion of profit created through exports	★	★								New	3,10-11
13	Intensifying competition	★			★						30	3
14	Sustainable use of resources	★		★							23	23,52
15	Recognition of social responsibility	★						★			44	14-15
16	Protection of consumer data and privacy							★			4	54
17	Fair competition						★		★		21	43-44
18	Growing importance of employee rights and responsibilities	★	★								36	25
19	Increasing demand for distribution structure improvement				★						45	44
20	Growing wealth gap					★					47	43-44
21	Participation in local community development							★			24	45-49
22	Support for customer services and resolution of complaints and disputes			★	★						10	55
23	Fair and adequate consideration of the quality of labor conditions	★							★		34	31
24	Guarantee of fair employment and employment relationships	★							★		33	26-27
25	Promotion of social responsibility within a company's influence sphere								★		32	44
26	Fair marketing activities				★						22	55
27	Generation and distribution of economic outcomes	★							★		31	6
28	Provision of job creation opportunities			★					★		New	48
29	Endeavors to support investments in local communities	★							★		42	46
30	Contributions to education and the cultural development of local community	★							★		39	47,49
31	Guaranteed social dialogue between employees					★				★	37	26

SUSTAINABLE OPERATION

We at **GS Caltex** aim for sustainable operation. We conduct our business in an eco-friendly way through the low carbon environmental management system and commit ourselves to creating a great work place that delivers maximum satisfaction to employees through our humane management philosophy.

Establishment of the Low Carbon Environmental Management System → 17
Great Work Place → 25

Environmental investments
(unit: KRW 100 million)

299

Employees
(unit: No. of employees)

3,205

Training Hours per Employee
(unit: hours)

102

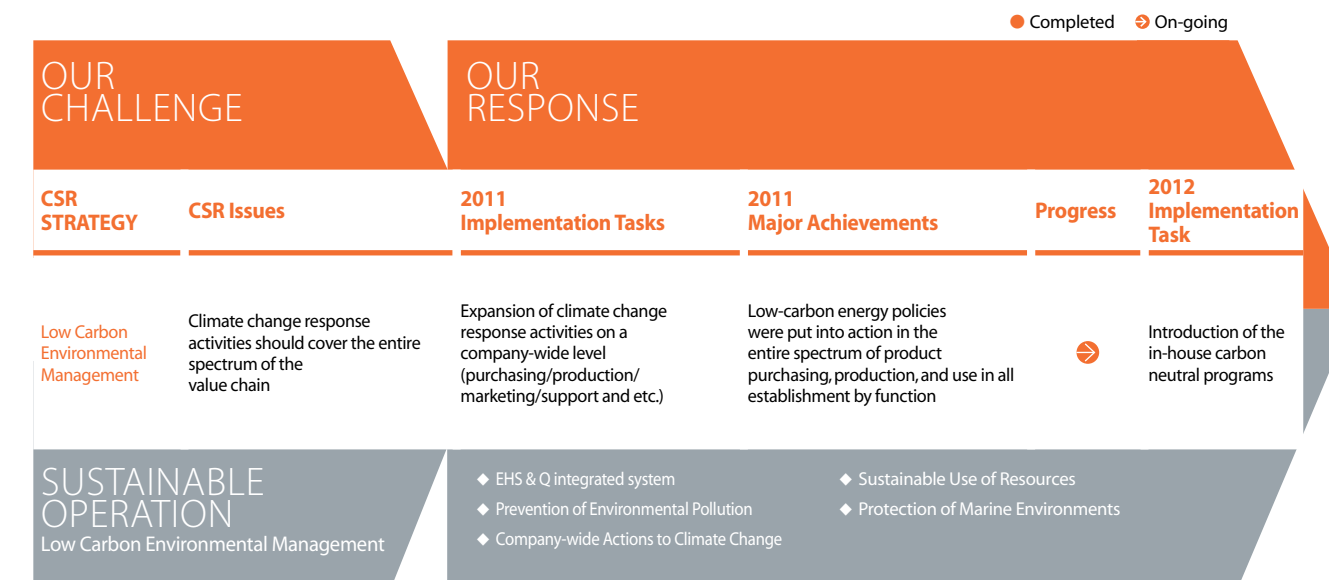


Establishment of the Low Carbon Environmental Management System

Stakeholder Issues Identified through the Materiality Test

	Priority
✓ Increasing influence of government policy	3
✓ Tightening environmental regulations	5
✓ Increasing waste that pollutes the environment	6
✓ Prevention of environmental pollution	8
✓ Sustainable use of resources	14

We at **GS Caltex** manage low carbon environmental performance (covering response to climate change and the prevention of environmental pollution) through an advanced world-class management system and environmental investments.



Stakeholder's Voice

Government

Hyun-Soo Kuk

Deputy Director
Ministry of Environment



GHG regulation is highly critical issue in the oil refinery sector. The implementation of an emissions trading scheme, in particular, constitutes a huge factor here as it may act as a game-changer in the market. **GS Caltex** has faithfully fulfilled its role as a leader in the sense that the company has been proactive in responding to the government's fuel environmental policies over the years. The company needs to make sure that its emissions of GHG are reduced within the entire operational spectrum-from production to crude oil drilling and transportation. Relevant processes should be established and outcomes be disclosed transparently. Especially, harmful substances such as VOC generated during the fueling process affect consumer health and thus demand closer attention in the upcoming years.

GS Caltex's Commitment

We at **GS Caltex** are keenly aware of our social responsibility to reduce GHG emissions as an oil company and we are fully committed to generating tangible outcomes in this regard. In 2011, we put low carbon energy policies into action in the entire spectrum of our business conduct-spanning from product purchasing to production, from sales to consumption, in all our establishments by function. The introduction of in-house carbon neutral programs in 2012 will enable us to become even more proactive in responding to climate change.



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EHS & Q Integrated System

Our EHS & Q integrated system is our own unique integrated management system at **GS Caltex** to ensure the comprehensive management of the environment, health, safety and quality.

EHS & Q Integrated System

Our EHS & Q integrated system is up and running to ensure the efficient and systematic management of the environment, health, safety and quality. This is further complemented by principles in respective areas that serve as guidelines for environmental, health, safety and quality management.

Internal Emission Limit Stronger than National Environmental Regulations

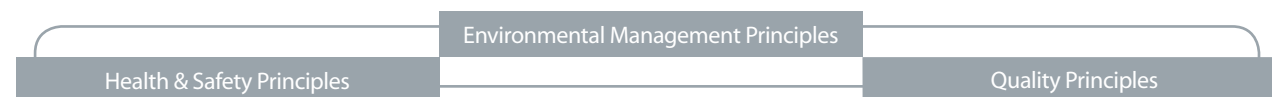
The efficient operation of the EHS & Q integrated system ensures that we comply with all environmental regulations. Our own internal standards (which are far more stringent than what is required by national law) assist us in practicing environmental management in a voluntary and proactive manner.

International Environmental, Health & Safety Management System Certification

We were certified with wide-ranging international standards, including the ISO 14001 (environmental management system) and the OHSAS 18001 (occupational health and safety management system) from such international certification bodies as the ISO, in order to follow these international standards for environmental, health & safety and quality management.

Establishment of Environmental, Health, Safety and Quality Principles

Since the declaration of environmental management principles, that put top priority on environmental factors in business conduct in 1996, our environmental, health, safety and quality principles have been observed in a bid to strengthen eco-friendly management systems and take environmental management initiatives more proactively.



- | | | |
|---|---|---|
| <ol style="list-style-type: none"> We at GS Caltex ensure the health and safety of all our employees and our suppliers. We consider it a top priority in our management activities and gravitate towards a safe, pleasant and injury-free workplace through continuous improvements and preventive actions in everything that we do. We comply with all of the health & safety regulations in our entire business conduct and make sure that health & safety information is shared trustfully across the board. To this end, we guarantee that the health and safety of our workers is secured regarding: design, maintenance and operation of establishments and the minimization of health & safety risks (through health & safety improvement programs and training). In this way, we create advanced health& safety management systems. | <ol style="list-style-type: none"> We at GS Caltex consider environmental management as our core priority in fulfilling our responsibility to protect the environment as a company and faithfully do our part as a healthy corporate citizen, in putting top priority on the prevention of environmental pollution. We abide by all environmental regulations in our entire business conduct to maintain a pleasant living environment, thereby earning trust from the public. To meet these environmental goals, we build environmental management systems in accordance with the KSA/ISO 14001 and have these systems registered with international certification bodies. Moreover, we continuously check to make sure these systems are improved and that our environmental management principles are proclaimed both internally and externally. | <ol style="list-style-type: none"> We at GS Caltex meet customer needs and expectations through scientific and systemized quality management as a total energy service leader and provide products and services that satisfy relevant regulations. We earn trust from and impress our customers and thus, solidify our status as 'The Leader in Providing Total Energy Service'. To this end, we build quality management systems (in accordance with BS EN ISO 9001 and KSA 9001/QS 9000) and have them registered with international certification bodies, on top of committing ourselves to the continuous improvement of the efficiency of these systems. |
|---|---|---|

Prevention of Environmental Pollution

In order to prevent and minimize environmental pollution that may be caused by our production activities, we at **GS Caltex** apply internal emission limit that are even stricter than national legal regulations, in the entire areas of: air/water/soil quality and chemicals & waste.

Air Pollution Control

Discharge of Air Pollutants

Stringent Operational Standards ▶ We apply our own operational standards that exceed the thresholds prescribed by law. Yeosu Complex is equipped with such air pollution control facilities as: electric precipitators, multicyclones, RTO*, VRU**, and NOx reduction units, which help reduce emissions of dust, VOC, SOx and NOx.

* RTO: Regenerated Thermal Oxidizer ** VRU: Vapor Recovery Unit

Automated Stack Gas Emissions Measurement System

Every stack within our plants has CleanSYS (automated gas emissions measurement units), installed to measure pollutants covering dust, SOx, NOx, and CO in an automated and continuous manner. The automated measurement networks are up and running to allow systematized management of the air quality in the vicinity of our plant sites.

NOx Reduction Devices ▶ Low NOx burners are being installed in existing plant heaters, as well as new processes, to reduce emissions of NOx from the initial generation stage. NOx reduction facilities have been additionally deployed in boiler and incinerators since 2008.

Use of Cleaner Fuel LNG ▶ We endeavor to cut the emissions of air pollutants covering: dust, VOC, SOx, and NOx, through the use of the cleaner fuel of LNG.

Emissions of Air Pollutants (unit: ton/year)

	2009	2010	2011
Dust	228	242	203
SOx	6,978	7,125	9,390
NOx	4,047	3,981	3,937
CO	361	589	581
VOC	127	134	129
Total	11,741	12,071	14,240

Second Voluntary Agreement to Reduce Air Pollutant Emissions

We signed the 2nd voluntary agreement on May 13th with the

Ministry of Environment and the Jeollanamdo, to reduce the emissions of air pollutants generated near the Yeosu National Industrial Complex and surrounding areas. We will commit ourselves to cutting air pollutant emissions by 13% from the base year of 2008 over the next 5 years by 2016.

Soil Pollution Prevention

Voluntary Soil Pollution Investigation

As part of our compliance with the "voluntary agreement to investigate and restore soil pollutions" between **GS Caltex** and the Ministry of Environment in 2002, our entire establishment makes soil pollution inspections, independently and on their own initiative, every three years. In the case that pollution is found, proactive remediations are taken.

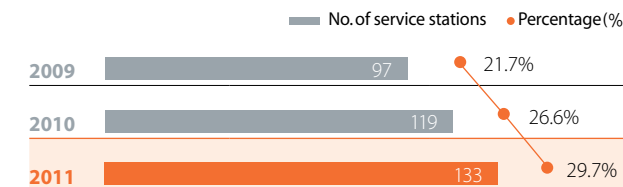
Ground Installation of Oil Pipes at Plants and Terminals

We have been installing oil pipes at plants and terminals on the ground which used to be laid underground since 2003 to ensure the fundamental prevention of soil and underground water contamination. Underground water monitoring wells are installed at our plants for the constant monitoring of underground water pollution.

Improved Soil Pollution Prevention Facilities at Service Stations

To prevent soil contamination caused by oil leaks from pipes and tanks, the number of clean service stations equipped with double-wall tanks, and double-wall pipes leak detections is increasing continuously.

No. of Clean Service Stations



* Based on the 448 service stations owned and directly operated by **GS Caltex** as of the end of 2011

Water Pollutants Control

Monitoring of Water Pollution and Operation of Advanced Treatment Facilities

We monitor sources of wastewater generated from manufacturing processes and manage the discharge of wastewater on a daily basis. To increase the recycling rate of wastewater, the wastewater from distillation facilities is reused to desalter feed water. Additionally, carbon filters were installed to reduce the pollutants in water treated in wastewater treatment facilities. This in turn, boosted our capability to eliminate pollutants.



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Prevention of Environmental Pollution

Tighter Internal Effluent Limit for Water Pollutant Discharge

Our internal operational standards for water pollutant discharge were tightened to 50% of the statutory minimum. If discharge concentrations are higher than the legal threshold, environmental non-conformance reports are issued to manage water pollutants, as a way to sustain our endeavors in reducing the discharge of pollutants.

Discharge of Water Pollutants (unit: ton/year)

	2009	2010	2011
BOD	88.4	67.4	65.7
COD	159.5	105.0	118.3
SS	72.3	59.8	79.4
N-H	8.9	3.9	3.3
Phenol	0.1	0.02	0.08
Total	329.1	236.1	266.8

Waste Disposal Management

Real Name Certification for Waste Discharge and Reuse of Sludge

To ensure efficiency in waste management, we use real-name certification with signatures from the discharging teams, corporative firms and environmental officers, as well as required dates of treatment specified. If undocumented, the waste is not collected and if waste is neglected or insufficiently separated, environmental non-conformance reports are issued. In addition, we work in alliance with corporative firms to utilize sludge(waste oil) from wastewater treatment facilities as fuel for kiln of cement company.

Waste Discharge (unit: ton/year)

	2009	2010	2011
Designated Waste	8,677	20,917	22,370
General Waste	14,960	13,795	14,130
Total	23,637	34,712	36,500
Amount Recycled	12,272	19,790	20,176
Recycling Rate(%)	54.4	57.0	53.3
Total (excluding recycling)	11,365	14,922	16,324

Management of Hazardous Chemicals

Voluntary Agreement to Reduce the Use of Chemicals

Our EHS&Q integrated information system allows us to check the consumption of hazardous chemical substances daily and make regular evaluations of chemical consumptions (on a monthly and quarterly basis). We signed the 'voluntary agreement to reduce

chemical consumption' with the Ministry of Environment in 2004, under which we made a pledge to achieve 30% and 50% reductions in quantities of chemicals discharged within 3 and 5 years respectively (by the years 2007 and 2009 respectively) against the base year of 2001 and have been working with our leak detection and repair(LDAR) system, as well as process improvement.

* LDAR: Leak Detection and Repair

Discharge of Hazardous Chemicals (unit: ton/year)

	2009	2010	2011
NaOH	3,923	4,716	5,427
H ₂ SO ₄	250	440	495
HCl	1,506	2,187	2,457
NH ₃	176	226	231
PCE	47	47	46
Total	5,902	7,616	8,656

Environmental Investment

Upgrading Facility Investment: No. 4 HOU(Heavy Oil Upgrading)Project

Vacuum Residue Hydrocracker (VRHCR) unit, which is to produce high value-added and cleaner light oil from low-grade heavy residual oil, was put into commercial operation in October of 2010. We also invested KRW 1.1 Trillion in the No. 4 HOU (Heavy Oil Upgrading) project as a future engine of growth, to expand production facilities and lay the basis to take an additional leap forward.

Production Facility Expansion through the No. 4 HOU Project

- VGO FCC(Vacuum Gas Oil Fluidized Catalytic Cracking) Capacity: 53,000 BPSD
- Gasoline HDS(hydrodesulfurization) Capacity: 24,000 BPSD
- Alkylation (production of eco-friendly high-end gasoline) Capacity: 5,000 BPSD

Environmental Investments (unit: KRW 100 million)

	2009	2010	2011	Total
Waste water and marine pollution	525	167	71	763
Air	1,334	813	219	2,366
VOC	36	4	-	40
Soil Pollution	89	14	6	109
Others	17	17	3	37
Total	2,001	1,014	299	3,314

Company-wide Actions to Climate Change

We became the 1st Korean oil company to be certified with the ISO 50001 for energy management system, a move that aimed to respond to the climate change crisis more proactively, and we continue to build company-wide preparedness for climate change across the entire value chain.

Energy Management Initiatives

Highest Energy Efficiency

By running a dedicated organization for energy efficiency improvement, we at **GS** Caltex have been systematically taking energy management initiatives in accordance with the long-term roadmap established, in order to build a world-class energy competitive edge. In particular, our endeavors to discover the best domestic and overseas practices to save energy, allow us to achieve best-in-class energy efficiency, compared to Korean industry peers and Chevron's own and joint ventures refineries.

Energy Management Systems

To ensure more efficient energy management, efficiency monitoring systems (which manage energy consumption and improvements in real time), performance and loss monitoring systems and heating furnace monitoring systems are up and running. In 2011, an energy unit price management system was developed to enable real-time management effects regarding energy cost reduction and energy-saving items. This assisted us in building and operating a systematized energy management system which ensured consistent energy saving.

Energy Improvement Committee

Our 'Optimization Subcommittee' is responsible for analyzing the energy improvements made and the progress in achieving roadmap milestones. It is also responsible for setting future plans, through the review of optimization activities and hardware optimization, in addition to the progress review of the half-yearly internal management system examinations. The monthly 'performance review meeting' attended by all related managers, including executives and team leaders aims to examine the general conditions and covers recent energy efficiency index outcomes from the Yeosu Complex.

Winning the Presidential Award for Energy-saving

Both the firm commitment at the level of top management and the working-level executive capabilities of our employees, allowed **GS** Caltex to build energy efficiency into its corporate culture and make consistent and bold investments in energy efficiency and energy saving projects. Such endeavors were recognized by the Korea Energy Management Corporation, which awarded **GS** Caltex the Presidential Award.



Creative Innovation for Energy Efficiency

Amid rapid and sudden fluctuations in international oil prices and foreign exchange rates, we are fully committed to the delivery of high-quality products at lower prices to our customers. Energy efficiency and cost reduction constitute the core indicators and the integrated company-wide innovation programs were initiated in 1999 to this end. All **GS** Caltex employees perform their own Champion tasks (for executives), BB tasks, and GB tasks to identify energy improvement items. P-Bank (Productivity Bank) was also recently opened as a idea suggestion system, in order to gather creative ideas from employees and the rating-based reward scheme is up and running to encourage engagement in energy innovation initiatives.

Energy Consumption

	2009	2010	2011
Direct energy consumption (EFO BD)			
- All energy sources excluding purchased electricity and steam (EFO BD)	32,967	34,359	38,387
Indirect energy consumption (EFO BD)	3,562	3,871	4,786
- Purchased electricity (MW)	207	228	276
- Consumption of purchased steam (EFO BD)	758	785	1,054
Total (EFO BD)	36,529	38,230	43,173

* EFO BD: Equivalent Fuel Oil Barrels per Day

Actions to Climate Change

Management of GHG Emissions

Our GHG inventory was set up in 2008 to meet internationally-agreed standards in accordance with the IPCC (Intergovernmental Panel on Climate Change) guidelines, the WRI(World Resources Institute) GHG Protocol and the ISO 14061. Our IT-based GHG management system was modified to incorporate the newly installed VRHCR processes, in order to ensure efficiency in the management of GHG emissions. We have a dedicated organization responsible for GHG management and this ensures the real-time monitoring of GHG emissions.

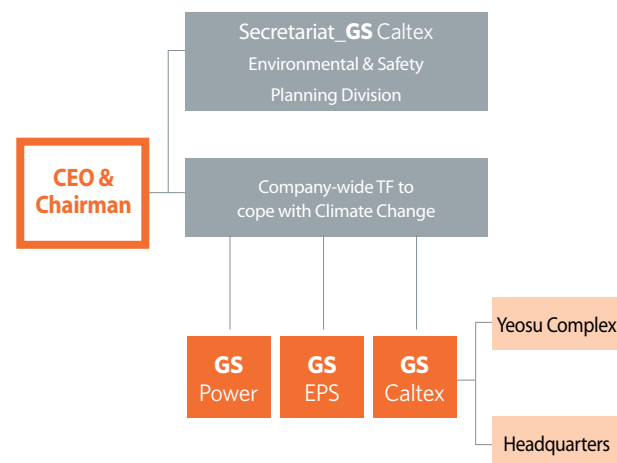


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Company-wide Actions to Climate Change

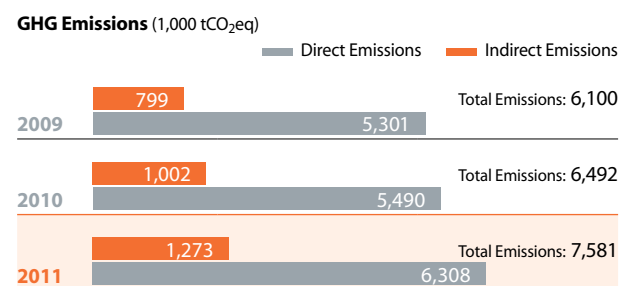
Climate Change Task Force

At **GS Caltex**, the 'Climate Change Task Force (TF)' (which consists of related team leaders) is responsible for discussing strategies to improve energy efficiency and reduce GHG emissions. The Green Growth Committee, composed of executives, is also up and running to establish our mid/long-term green growth strategies, by addressing governmental policies and building a long-term roadmap that covers our participation in the governmental GHG energy target management program and the introduction of the company-wide emissions trading scheme. Such high-level commitment to and interest in energy efficiency and GHG issues lead to working-level actions across the company.



Proactive Actions to GHG Regulations

Our **GS ETS** (Emission Trading System) was initiated in 2009, to build preparedness for the introduction of the GHG emissions trading scheme and we play a leading role as an eco-friendly company with a competitive edge in energy efficiency. A total of 8 establishments (covering our Yeosu Complex, **GS Power** and **GS EPS**) are doing transactions in the **GS-ETS** and are given incentives according to their level of GHG target attainment and transaction outcomes. In 2011, the **GS-ETS** was held on a monthly basis and 32,000 tons of credits were traded. Moreover, 10 energy efficiency projects that focused on Yeosu Complex were recognized for their contributions in reducing GHG emissions. These reports were registered with the relevant governmental systems and enabled us to secure early actions of GHG emissions reductions.



* Direct emissions: Emissions from stationary combustion, mobile combustion, process unit and fugitive sources
 * Indirect emissions: Emissions through imported steam and purchased electricity
 * The 2009 and 2010 emissions were verified by a third-party organization in accordance with the energy and GHG target management system guidelines and the 2011 GHG emissions are under verification

Energy Management System Certification (ISO 50001)

Due to the aggravating climate change crisis, GHG and energy management is gaining importance, while energy management is also gaining greater significance in responding to oil prices. Thus, **GS Caltex** was certified with the ISO 50001 energy management system standard for the first time in the Korean oil industry, in order to ensure a more proactive to these challenges. The certification did not simply aim to obtain an international certificate, but to establish a framework for the sustainable growth of the company in accordance with international standards, through continued interest in energy and the environment.

To this end, the top management at **GS Caltex** declared that the company's energy management guidelines needed to take the lead in improving energy efficiency and in committing to a transparent and fair system. Our endeavors for the continual improvement of energy efficiency and GHG issues will be further strengthened through the Plan-Do-Check-Act cycle in the upcoming years.



Sustainable Use of Resources

We at **GS Caltex** are committed to the sustainable use of resources by increasing the recycling rate of the waste and wastewater generated from manufacturing processes.

Waste

We set up an on-line waste management system that covers the collection, transportation, storage and treatment of waste and our team-specific waste discharge real name certification system ensures less generation of waste and enhanced efficiency of waste management. If waste found on-the-spot is neglected or insufficiently managed, environmental non-conformance reports are issued to ensure that corrective measures are taken immediately. Included in our efforts to turn waste into high value-added resources, and to raise the recycling rate of waste, are the use of sludge (waste oil) generated from wastewater treatment facilities as fuel for kiln of cement company at the fuel recycling plant and the extraction of metal substances out of waste containing such transition metals as Mo and Ni.

Water Quality

Our sustained water pollutant control activities ensure that the concentrations of discharge at wastewater treatment facilities are below 30% of the legal threshold. Our TMS handles water from wastewater treatment facilities that is directly discharged to public areas. In responding to the introduction of the ecotoxicity system, we are enhancing the activity and efficiency of the microorganisms used in biological wastewater treatments. The influent monitoring system is up and running specifically to minimize microorganism mishaps caused by the influx of concentrated wastewater. Under this system, the TOC(Total Organic Carbon) measurement devices are installed to measure the composition of wastewater influent every 6-7 minutes and such real-time monitoring of wastewater composition enables us to control the amount of wastewater used according to different conditions and to treat concentrated wastewater separately. This allows us to make significant contributions to the stable operation of wastewater treatment facilities. In addition, sour water generated from the manufacturing processes is treated and reused as desalter feed water to minimize the total generation of wastewater.

Water Management System

	2009	2010	2011
No. 1 Plant	25,823	28,487	28,039
No. 2 Plant	10,839	21,672	10,330
Total	36,662	50,159	38,369

	2009	2010	2011
No. 1 Plant	3,367	3,553	3,669
No. 2 Plant	0	0	0
Total	3,367	3,553	3,669



Water treatment facilities



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- 23 Sustainable Use of Resources
- 24 Protection of Marine Environments

Protection of Marine Environments

GS Caltex is dedicated to protecting and preserving a beautiful and clean environment as an invaluable legacy to be left to next generation. Therefore, we perform intense disaster prevention training to fundamentally prevent off-shore oil spills.

Protection of Marine Environments

Preservation of the Marine Environment and Fishery Resources

With an emphasis on marine environments and fishery activities, every place of business is committed to preserving the local environment. In the vicinity of our plant in Yeosu, our marine resources protection initiatives have continued since 1996 in order to protect fishery resources and help local fishermen boost their incomes. On April 14, 2011, we held an event with local fishermen and community leaders to release 25,000 abalone spats into the sea. Such initiatives cost KRW 220 Million.

'Sea Lovers' Volunteer Group

We have a volunteer group initiated for the environmental cleanup of Odong Island near Yeosu, (which was designated as a National Park) and members clean up the coastal areas of the island each month. This 'Sea-Lovers' volunteer group (comprised of employees of the Yeosu Complex), also engage in clean-ups and pollution control activities in the villages near the plant and the adjacent island's coastal areas. In Incheon, where terminals and lubricant plants are located, our employees pick up debris on Wolmi Island and clean up the coastal areas regularly.

GS Caltex-UNEP Yeosu Clean Sea Campaign

Our Yeosu Clean Sea Campaign started back in 2002, together with the UNEP(United Nations Environment Program) National Committee for the Republic of Korea and environmental camps for university students, with the theme of marine preservation has been held every August in Yeosu. The **GS Caltex-UNEP Yeosu Clean Sea Campaign**, held between August 25th and August 27th, 2011, was attended by 87 university students and established its presence as a meaningful venue to promote the beauty of the clean Sea of Yeosu (the host city the Expo 2012 Yeosu Korea), and to remind summer vacationers of the importance of environmental preservation.

Off-shore Oil Spill Prevention Training

Prevention of Transportation-related Off-shore Oil Spills

We are fully aware of the significance of environmental marine disasters, including oil spills caused by the transportation of products and raw materials. Thus, we appoint dedicated pollution control teams to work with contamination control companies, building our own readiness to prevent off-shore oil spills caused from transportation and to minimize the environmental impact in case of such accidents.

Strengthened Prevention Training ▶ We at **GS Caltex** are building accident prevention capabilities through intensive in-house drills. More than 10 rounds of regular prevention drills and education programs are offered every year and real-time repetitive simulation training ensures that our prevention team develops full knowledge of the geographic features and use of the devices to respond to accidents immediately.

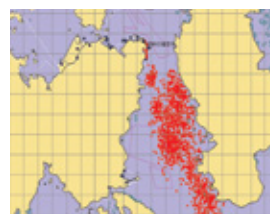
Annual Accident Prevention Training and Education



Accident prevention programs ▶ Our accident prevention programs are combined with a real-time tide & current prediction program, an oil-spreading prediction program and a virtual emergency response program, to ensure that exercises are conducted in a more scientific and realistic environment.



Prevention training



Real-time tide and current prediction program

Great Work Place

Stakeholder Issues Identified through the Materiality Test

- | | Priority |
|--|----------|
| ✓ Growing importance of employee rights and responsibilities | 18 |
| ✓ Fair and adequate consideration of the quality of labor conditions | 23 |
| ✓ Guarantee of fair employment and employment relationships | 24 |
| ✓ Provision of job opportunities | 28 |
| ✓ Guarantee of social dialogue between employees | 31 |

The source of our competitive edge as a company originates from our employees. While we at **GS Caltex** are fully committed to the enhancement of employee competency, we also do our utmost to improve employee satisfaction through the operation of benefit schemes and the facilitation of internal communication. In particular, we have world-class health & safety management systems up and running and take the initiative in protecting the human rights of those employees working at **GS Caltex** and our subsidiaries.

OUR CHALLENGE		OUR RESPONSE			
CSR STRATEGY	CSR Issues	2011 Implementation Tasks	2011 Major Achievements	Progress	2012 Implementation Task
Great Work Place	Human rights policies regarding suppliers / subsidiaries should be stipulated and undertaken systematically	CSR Committee decision for the stipulation of human rights policies (guidelines) (Feb. 2011)	Revised standards (plans) were set in accordance with such international norms as the UN Human Rights Declaration and human rights responsibility regulations (proposals) (Jun. 2011)	●	Programs to enhance the safety awareness of employees and suppliers (economic, social and cultural arena, civil rights and political rights)
	Endeavors are required to meet social responsibilities regarding employment and employment relationships that extend to suppliers and other related organizations	Preservation of the harmonious labor-management culture and enhancement of job security	Dispute-free collective wage bargaining was concluded and the retirement age extended to 60 in 2011	●	Investigation of labor conditions for the vulnerable including service stations and suppliers and identification of possible improvements

● Completed ◉ On-going

SUSTAINABLE OPERATION
Great Work Place

- ◆ Mutually-Beneficial Labor-Management Culture
- ◆ Health & Safety
- ◆ Protection of Human Rights
- ◆ Development of Human Resources

Stakeholder's Voice

Labor Union

KuK-Jin Kim
Union Leader



The wider the trust gap between managerial perspectives and employee perspectives, the harder it is for an organization to grow. An especially critical factor to ensure the growth of a company is how stably labor and management work together to seek mutual benefits. Following the labor dispute in 2004, the labor-management declaration for harmony and the No. 2 Plant construction thanks to the firm basis established for stable labor relations. We have high expectations that the **GS Caltex** management will always be willing to embrace the rights of their employees with a warm heart.

GS Caltex's Commitment

The top management at **GS Caltex** firmly believes that labor relations based on trust are the greatest impetus behind our growth and development as a company. In 2011, both labor and management succeeded in concluding a dispute-free collective wage bargaining that extended the retirement age to 60. Our management guidelines, that value care and respect for others, will guide us to deliver a great work place in the upcoming years. In 2012, our labor condition investigations of vulnerable groups and the identification of possible improvements will be extended to cover service stations and suppliers.



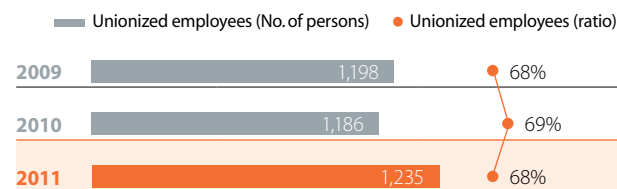
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Mutually-Beneficial Labor-Management Culture

Starting with the announcement of the 'declaration for labor-management harmony and labor-management charter' on December 9, 2005 (to achieve our vision of 'Co-prosperity through productive labor management relations'), we have continued to carry out joint labor-management programs covering support for the under-privileged group and local scholarship and education programs in accordance with our vision.

GS Caltex's Labor Union

Our labor union, founded in 1971, is made up of the main body at the Yeosu Complex and the local branches at the terminals and lubricant plants, whose members are employees at these establishments. The union has 3 full-time members (including the union chair) and they are elected directly by union members to serve 3-year terms.



Entrusting Wage Negotiations and Dispute-Free Collective Bargaining for 7 Consecutive Years in 2011

Our labor union made the critical decision to entrust the company with full jurisdiction to conclude wage negotiations once again in 2011 and in consideration of general business conditions, the company decided to institute a 4% increase in wage levels. With

steadfast trust in the company, the labor union has been authorizing management to finalize wage negotiations since 2005 and the mandate for collective bargaining agreements was handed over to the company in 2009 as well. As a result, the labor union at GS Caltex has been entrusting management with the authority to conclude wage negotiations and has remained dispute-free in concluding collective wage negotiations for 7 consecutive years, setting a leading example in labor relations.



Essential Minimum Work Agreement

At GS Caltex, we have what is called "the essential minimum work agreement," under which each member of the entire labor union shares the obligation to participate in the essential minimum work and 100% of the required essential minimum workforce should be reserved. This agreement is the first of its kind ever to be signed in the industry in 2009. This commitment forms the basis upon which we create joint endeavors to make sure that GS Caltex remains dispute-free. In the aftermath of tremendous losses caused by strikes, both parties announced the common goal of establishing a 'dispute-free workplace' through the 'declaration for labor-management harmony' in 2005.

Industrial Relations Culture Awards in 2011

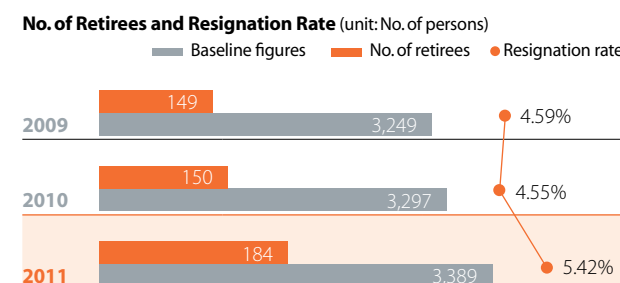


Since the declaration for labor-management harmony in 2005, the Yeosu Complex has been committed to achieving the corporate vision of shared growth between labor and management, through productive labor relations in compliance with the labor-management charter. As a result, the establishment has been setting a leading example in labor relations by entrusting wage negotiations to the company and concluding dispute-free wage negotiations for 7th consecutive years. These endeavors allowed us to win the Prime Minister's Award at the Industrial Relations Culture Awards in 2011, which recognizes companies who put mutually-beneficial labor-management culture into action, based on cooperative labor relations and bilateral partnership.



Retirement Pension System

Our labor union and management initiated a joint task force team to research and review a wide range of data on retirement pension systems and the finalized plan has been up and running since the end of 2010. With such communication channels as presentations for all employees, retirement pension guidance and a retirement pension help desk, we made sure that there was a consensus among our employees regarding the company-wide retirement pension system. Under the current retirement pension system, all employees must initially join the DB(defined benefit) plan and then, starting from 2012, they are able to decide whether to switch to the DC(defined contribution) plan. Our system also has 14 different retirement pension companies, to reflect the various needs of our employees.



* Baseline figures: No. of employees at the end of year+No. of retirees

Employment Status at GS Caltex

To ensure job security, our labor and management agreed to introduce a system to rehire those employees who retired due to reaching retirement age July of 2009. On top of this, the retirement age was raised from 58 to 60, through the collective bargaining. With this confidence that we gained from our employees, we laid the basis to build a stable corporate culture and generated sustained outcomes.

Average Entry-Level Salary per Employee (unit: KRW thousand)

	2009	2010	2011
Technical Workers	27,124	29,408	30,584
Office Workers	32,074	36,000	38,300

* Performance bonuses, allowances, lunch and transport fees are paid separately.

No. of Employees by Employment Type (unit: No. of persons)

	2009	2010	2011
Senior Executives	55	53	60
Office Workers	1,621	1,679	1,677
Technical Workers	1,242	1,262	1,273
Support Workers	45	46	49
Contract/Dispatched Workers	114	84	123
Others	22	21	23
Total	3,100	3,147	3,205

* Contract/dispatched workers: Including those rehired after retirement
* Others: special assistants to chairman/corporate advisors/in-house security police/private police, etc.

New Recruitments (unit: No. of persons)

	2009	2010	2011
Regular Workers	47	128	179
Non-Regular Workers	350	123	44
Total	397	251	223

* Non-regular Workers in 2009: including interns hired under the energy internship program
* Those who resigned not included

No. of Employees by Region (unit: No. of persons)

	2009	2010	2011
Seoul and Others	1,559	1,562	1,636
Yeosu	1,537	1,538	1,569



Introductory training for newly hired graduates in 2011 ▶ We hired 106 new employees: 20 in the 1st half of 2011, 55 in the 2nd and 31 technical workers. These new recruits attended the 'introductory training for newly hired graduates in 2011' for 5 weeks starting from December 19, 2011.



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Health & Safety

At **GS Caltex**, we are fully committed to workplace safety and health and believe such basic rights to be the critical prerequisites for the happy and fulfilling life of our employees. We believe that each individual's happiness leads to the contentment and growth of the entire organization and society. Therefore, we are determined to continue supporting a healthier work life for all of our employees.

'Zero Incident', Our Top Management Priority

Safety Management Leadership

At **GS Caltex**, health and safety issues are given precedence in every meeting and health & safety concerns serve as the top priority in making decisions on budget, human resources and systems. In particular, an established track record of incident-free working hours and the thorough management and supervision of safety issues are direct requests made by the company CEO. Moreover, management leaders (executives, team leaders and supervisors) are encouraged to take the lead on safety initiatives, all of which contribute to undertaking zero-incident activities responsibly.

Health & Safety Management

At **GS Caltex**, the "Environmental Safety Committee" has been up and running since 1999, as the top decision-making body in setting EHS policies and strategies for our establishments. Some 20 executives in charge of safety environment issues in their respective establishments attend quarterly committee meetings to decide on current issues and job duties regarding environmental safety. These meetings enable the productive exchange of health & safety solutions. Moreover, the Industrial Health & Safety Committee (jointly attended by both labor and management) continues to discuss programs to improve the health and safety of all **GS Caltex** employees.

No. of Meetings of and Agenda Items Proposed to the Industrial Health & Safety Committee (unit: No. of items)

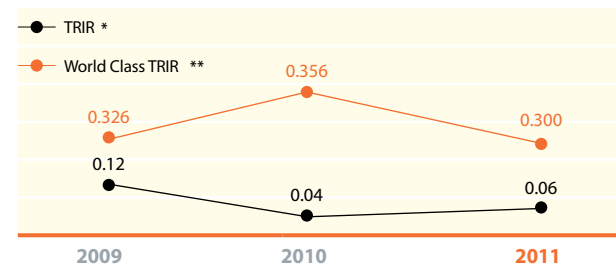


World-class EHS Performance Management

We apply the 'EHS Performance Management Standards' that match the level of advanced countries in controlling incident rates. We have also utilized the total recordable incident rate(TRIR), for the first time in Korea, to include the working

hours of the employees of suppliers as well as **GS Caltex** employees in calculating the number of incidents. The incident rates at **GS Caltex** are significantly lower than other global world-class oil companies and domestic industry peers. To further decrease incident rates, the company-wide EHS performance target is set and announced through the Management Committee at the beginning of every year.

EHS Performance



* TRIR (Total Recordable Incident Rate): Total Number of recordable incidents per 200,000 man hours
 ** World Class: Including Chevron, ExxonMobil, Shell, BP, etc.

Health & Safety for Mutual Benefits

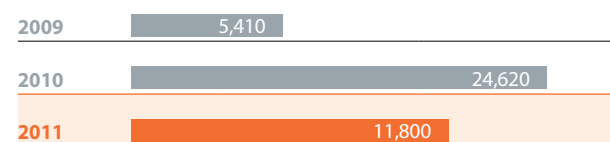
Support for Health & Safety Management System at Suppliers

As part of our shared growth program, we assist our suppliers in establishing their own health & safety management systems (KOSHA 18001). These systems enable our suppliers to develop health & safety policies on their own and undertake zero-injury initiatives. In 2011, three of our suppliers had their health & safety management systems certified with our assistance. After the introduction of the health & safety management system, suppliers conducted safety checks, risk assessments and health management voluntarily, which led to a drop of more than 50% in incident rates at the site of these suppliers.

Health & Safety Training for Suppliers

We arrange regular health & safety training programs for suppliers to share the latest safety technologies and safe working techniques in order to assist our suppliers in preventing industrial accidents. In 2011, a total of 11,800 supplier employees received safety training and safety managers received specialized safety courses for four hours a month, which helped them strengthen their health & safety management competency.

Health & Safety Training for Suppliers (unit: No. of persons)



We developed the 'professional training courses for emergency commanders' for the first time in Korea and offer regular exercises where trainees build preparedness against real occurrences of fire.

Health & Safety Training for Employees at the Yeosu Complex

(unit: hour/person)

	2009	2010	2011
Regular Safety Training	21.5 / 1829	21.5 / 1342	21.5 / 1387
Capacity Building Training	80 / 130	67 / 163	69.5 / 141
New Employee Training	36 / 57	99 / 52	126 / 109
Emergency Response Training	22 / 1037	38 / 1065	38 / 1207

Establishment of Industry-leading Safety Culture

Our IIF (Incident & Injury Free) initiative began in 2006, based on the advice from JMJ, a world-class safety consulting firm. The IIF initiative is a safety culture program that encourages employees to show care and respect not only for themselves but also for other co-workers. We continuously engage in wide-ranging activities, covering IIF safety training and the publication and dissemination of IIF guidebooks for all **GS Caltex** employees and the employees of our suppliers, thereby leading the safety culture in the local community.

Environmental, Health and Safety Competition

The environmental, health and safety competition began in 1998 as an annual event to enhance employee awareness regarding environmental and safety issues and to promote voluntary participation in boosting environmental and safety. Total 87 teams from Yeosu complex, lubricant plants, terminals, R&D Center and 7 subsidiaries were participated in the event. The best practices are then shared across the board and each establishment incorporates these best practices in their respective EHS system proactively.

Professional Fire Fighting Drill Training

We developed the 'professional training courses for emergency commander's training program' for refineries and petrochemical plants for the first time in Korea. This training program aims to ensure prompt response in the case of fire at these facilities, through repetitive real-life simulation training. In particular, our fire-fighting programs include some 200 outside organizations, including firefighters from the National Emergency Management Agency and students in relevant fields. This contributes to enhanced preparedness for incidences of fire at the national level.

Our Lubricant Plant has Remained Incident-free for 6 Consecutive Years

Our lubricant plant established an amazing track record of remaining incident-free for 6 consecutive years as of March 30, 2011. The plant was highly proactive with its suggestion system for ideas to improve on mechanical and process defects (with all its employees together with suppliers) and has taken the lead in introducing automated facilities and addressing noise and brightness issues to deliver a more pleasant work environment. Because each worker at the plant was committed to safety & productivity improvements on top of creating safe and prompt measures to respond to abnormal conditions of respective facilities, we secured safety in the process of establishing a clean & green factory.

This feat can be attributed to the invaluable endeavors made by all the workers at the plant in identifying risk factors in advance and in making thorough on-the-spot pre-examinations, through the near miss and safety observation system, under the long-term goal of 'achieving a workplace with 10 incident-free years'.



Lubricant Plant



Resolution for Improved Safety of the Lubricant Plant





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31	Development of Human Resources

Protection of Human Rights

We support UNGC's 10 principles in the areas of human rights, labor, the environment and anti-corruption. In particular, we have stipulated human rights policies to pay closer attention to situations both at the sites of our suppliers as well as at **GS Caltex**.

People-oriented Philosophy

We respect the human rights of each and every employee at **GS Caltex** in accordance with our people-oriented philosophy and with the principle of human dignity stipulated in the Constitution. We abide by the Labor Standard Act, which prohibits forced or child labor and strictly forbids any type of discrimination on the grounds of: education, birthplace, gender, age, religion or race. Each employee is treated equally within our personnel and benefit systems that cover: recruitment, placement, promotion, salary, education and retirement. There was no single case of discrimination during the 2011 reporting period and there are no area in our business that may lead to serious violations of freedom in association with collective bargaining.

Stipulation of Human Rights Policy

Revision of regulations in accordance with the UN Universal Declaration of Human Rights ▶ **GS Caltex** supports and respects internationally acclaimed human rights protection principles and makes proactive efforts not to be complicit when it comes to human rights abuse. Therefore we at **GS Caltex** revised 6 internal policies covering: personnel, purchasing and ethics regulations in 2011, in accordance with the UN Universal Declaration of Human Rights and the UN's Human Rights Norms for Transnational Corporations and Other Business Enterprises. These revised policies stipulate human rights regulations with an extended scope to cover our suppliers as well as our own employees.

Human Rights Policy Training for Suppliers ▶ The revised policies include human rights examinations of major suppliers and contract enterprises, as well as employee training policies regarding job-related human rights. Major relevant training contents were included in our online CCP (Corporate Compliance Program) courses, which all employees take as an annual mandatory training program.

Major Revisions on Human Rights Policy

- Respect and support for the universal human rights of freedom and equality and the virtue of the co-existence of all human beings based on human dignity
- Discrimination on the grounds of race, skin color, gender, language, religion, nationality, social background, physical disability, wealth/status, or differences in political views is strictly prohibited.
- Forced or child labor is forbidden and all contracts and transactions that may cause or instigate violations of universal human rights (including war crimes) are prohibited.
- Domestic regulations and international norms and agreements regarding human rights and labor are abided by.

Guarantee of Employee Rights

In-house Childcare Facility ▶ To strictly prohibit discriminative treatment towards female employees and to offer proactive support for those employees raising children, we established an in-house childcare facility with a capacity of 50 children in March of 2012. All employees are free to take maternity/childcare leaves and this complies with the Korean governmental policy to increase childbirth rates.



In-house Childcare Facility

Gender Ratio of Employees (unit: %)

	2009	2010	2011
Male	88.1	88.5	88.3
Female	11.9	11.5	11.7

Grievance Resolutions

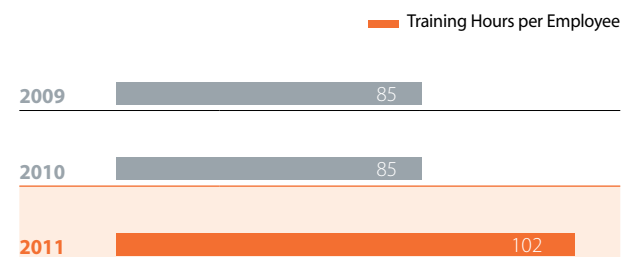
We operate a separate grievance resolution division to deal with sexual harassment in the workplace as part of our ethics management initiative. We employ female counselors to speak with victims and make sure that reported issues are thoroughly investigated by auditors. The informants are notified of their results by phone or e-mail.

Development of Human Resources

Our human resource development program is based on the CEO's philosophy that the promotion of human talent is the most important key to corporate growth.

Talent Development Model(GSC Way)

We at **GS Caltex** established our own "**GSC Way**," to embody the ideal **GS Caltex** employee, who is capable of such key actions as proactive action, mutual cooperation and the generation of outcomes based on the organization's values of trust, flexibility, challenge and excellence. The **GSC Way** serves as a guiding principle in our endeavors to nurture talented employees. With this model, we help our employees transform into 'business leaders' by offering wide-ranging programs and systems-starting anywhere from recruitment to talent development. Our investments in training and education (to develop talented employees), amounted to an average of 102 hours per employee per annum and a total of KRW 21.4 billion in 2011. Training opportunities are equally provided to our employees and there is no discrimination in training hours on the grounds of employment type or gender.



Talent Development Framework:

Our talent development framework is structured as follows: level-specific courses, candidate courses, and customized one-on-one coaching/mentoring courses. We also support category-specific job training to assist individual employees in enhancing their work capacity as well as providing separate courses for qualified high-performers who are specially selected based on a highly stringent criteria.

Development Programs for High-Performance Talented Individuals

We nurture tomorrow's leaders with our development programs for high-performance talents. We assist these highly qualified employees in taking MBA courses at top-notch national and international universities and offer them internship opportunities at global companies to help them gain experience applicable to business operations. In order to help high-performance talented individuals with career development, we established the job rotation program, under which they go through a schedule of dif-

ferent assignments to experience new business fields and grow company-wide high-level perspectives.

Leadership Development Program:

Our Leadership Development Center (LDC) was designed as a place for potential leaders to further cultivate their leadership capabilities. Under the LDC programs, these future leaders participate in presentations, group discussions and role-playing, which result in objective and in-depth analyses of their individual strengths and weaknesses. Additionally, they are provided with systemic training and mentoring support, which helps them to evolve into more competent leaders.

Outward Education Contributions

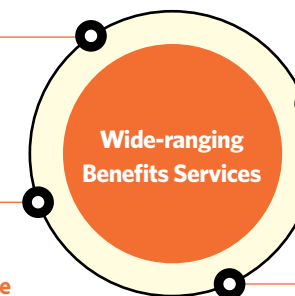
We invite the parents and children of our employees to the company in order to make our management family-friendly as well as employee-friendly and these programs serve to boost employee loyalty and pride. On top of this, we offer leadership training and mentoring to chemical engineering majors at top-notch universities. Our 6 Sigma course for teachers working at elementary, junior high and high schools and Junior R&D Camp for scientifically-gifted students are all part of our education donations, which support our endeavors to fulfill our social responsibility.

Housing Support Service

Housing purchase/Rent financing: up to KRW 50 million, annual interest rate of 1%
Company housing: Yeosu Complex
Dormitory: Yeosu Complex

Leisure Support Service

Condominium benefits: 180 accounts
Haman Resource Development Center: Residential complex
Summer Resorts: Mt. Jiri, Mt. Seorak, and Baek-am Training Center
Refresh vacation available



Medical Service

Support for medical expenses
Employees and their spouses: Fully supported (if the amount is above KRW 50,000)
Under-age children (up to KRW 3 million)
Collective accident insurance benefits up to KRW 200 million (if the fatality is caused by an industrial accident)
Comprehensive medical check-ups and in-house clinic (Yeosu)
Health promotion programs

Livelihood Support Service

Employee Assistance Program (EAP)
Tuition support for children: Fully supported for junior high/high school/university students (regardless of the number of children)
Marriage financing: up to KRW 10 million, annual interest rate of 1%
Special holiday and financial support for condolences and congratulations

RELIABLE ENERGY

We at **GS Caltex** pursue the production of reliable energy. We are committed to securing future energy leadership by strengthening our responsibility for products and services and building preparedness for resource depletion.

Extension of Product and Service Responsibility → 33

Establishment of Future Energy Leadership → 37



Extension of Product and Service Responsibility

Stakeholder Issues Identified through the Materiality Test

Stakeholder Issues	Priority
✓ Growing instability in global politics	1

We are diversifying the sources of crude oil supply to ensure sustainable energy supply. We also strive to fulfill our environmental and safety responsibilities in manufacturing products and providing services.

OUR CHALLENGE		OUR RESPONSE			
CSR STRATEGY	CSR Issues	2011 Implementation Tasks	2011 Major Achievements	Progress	2012 Implementation Task
Extension of Product and Service Responsibility	Environmental hazards should be reduced through responsible product development	Enhancement of competitive edge regarding a product's environmental quality	The world's best-in-class quality was recognized by the Ministry of Environment, an improvement from the environmental quality grades of 4-5	➔	—

● Completed ● On-going


RELIABLE ENERGY
Extension of Product and Service Responsibility

- ◆ Sustainable Products
- ◆ Sustainable Provision of Energy

Stakeholder's Voice

NGO

Eun-Young, Lee
Director
Consumers Korea



Petroleum products serve as the primary energy source for all economic activities. They are also essential goods that we cannot do away with in our daily life. This is why providing petroleum products at stable prices, is so critical. The company needs to reduce its dependency on the Middle East as a source of supply by increasing its in-house development of oil fields, thereby contributing to economic stability. It also needs to build preparedness for the coming depletion of natural resources through the development of alternative energy sources.

GS Caltex's Commitment

We at **GS Caltex** believe that our most important role is to ensure the sustainable supply of energy. To this end, we create stable crude oil procurement plans by predicting related risks and import as many as 80 different kinds of crude oil from 30 different countries around the world covering: the Middle East, Southeast Asia, Australia, Europe, Central and Latin America and Africa, as part of our strategy to diversify crude oil suppliers. Our participation in the development of oil fields in Indonesia, Vietnam, and Thailand will support our efforts to secure energy leadership.



Sustainable Products

The development of high-quality, eco-friendly products that deliver cleaner energy and high-energy efficiency is central to our low carbon energy policy. To reduce their sulfur content and boast the highest quality in the global and domestic markets, our gasoline, kerosene and diesel products are especially processed by highly advanced desulfurization units.

High-Quality Eco-Friendly Products

High-Quality Gasoline KÍXX

With high-performance engine cleaning additives, KÍXX boasts a dramatic improvement in keeping engines clean, when compared to our existing gasoline products. KÍXX maximizes the engine power output and enhances the fuel efficiency by eliminating deposits that form within the engine, making significant contributions to the reduction of CO₂ emissions.

Premium Gasoline for Luxury Cars, KÍXX PRIME

As a high-performance gasoline with a research octane number over 100, KÍXX PRIME prevents abnormal ignition in order to protect the engine and enhances power and acceleration, while reducing vibration and noise. It also satisfies the world's most stringent environmental standards.

ULSD (Ultra Low Sulfur Diesel)

Our ultra-low sulfur diesel is an eco-friendly product that meets the needs of clean diesel vehicles. Our advanced desulfurization units produce ULSD with sulfur contents less than 10 ppm. It also delivers cetane number, lubricity, polycyclic aromatics content and density, as well as sulfur contents that satisfy the highest standards both nationally and overseas. Our ULSD product is accompanied by the 2% mixed production of biodiesel, which further boosts our efforts to reduce CO₂ emissions.

Kerosene

Our kerosene products are mainly used for indoor heating devices. These products do not produce harmful gases during combustion and accordingly do not cause eye or nose irritations. The odor commonly found in oil products is reduced, so our kerosene

products may be stored indoors without disrupting pleasant indoor environments.

Results of the Environmental Quality Evaluations

The Ministry of Environment measures and evaluates the eco-friendliness of petroleum products sold in the Korean metropolitan area annually and announces the results. The petroleum products manufactured by GS Caltex are rated grade 4-5 by the ministry annually, which recognizes their world-class product quality.

	2009		2010		2011	
	1 st Half	2 nd Half	1 st Half	2 nd Half	1 st Half	2 nd Half
Gasoline	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Diesel	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

★★★★★ World's Highest Level ★★★★★ Near the World's Highest Level
Source: Ministry of Environment

Product Safety

Rigorous Quality Management System

At GS Caltex, we ensure that our products are safe for use, through the competitive quality of our products which are unmatched by any other industry peers. The entire process of production, shipment, storage, and transport of our products to the final retail distributors and customers is thoroughly and strictly managed by the ISO 9001 international quality management system. We strive to establish safe manufacturing processes and product quality management systems as well as reduce process-related incidents and quality defects to zero.

Service Station Quality Management

We apply more rigorous standards than ordinary quality inspectors in managing the product quality at GS Caltex service stations. Consumers find it hard to directly check the quality of petroleum products due to the inherent features of the product and there are recent growing concerns among consumers about counterfeit gasoline. This is why we are adopting even more stringent standards in managing product quality at our service stations. In the case of suspected quality defects, our KÍXX Mobile Lab team visits the station, consults with customers, engages in on-site analysis and immediately informs them of the results.

KÍXX Petroleum Mobile Lab

We launched the KÍXX Petroleum Mobile Lab' service program in July of 2007 for the first time in the industry to immediately identify counterfeit and adulterated petroleum products on the spot. Our KÍXX mobile lab vehicles are equipped with high-end precision analysis devices that are actually used in the laboratory environment.



Sustainable Supply of Energy

At GS Caltex, we have instituted comprehensive plans to ensure the stable supply of crude oil in a bid to cope with resource depletion. We are meeting future energy needs through the participation in the development of oil fields and in the diversification of crude oil suppliers.

Supply of Clean Energy

Future Energy Leadership Secured through the Supply of Clean Energy

We at GS Caltex are taking the lead in preventing environmental pollution by directly importing LNG to use as fuel and as raw materials at our Yeosu Complex. After the initial imports of LNG for in-house consumption in 2009, we imported some 360,000 tons (6 cargos) in 2011. At GS Caltex, our plan is to continue with imports of more than 1.5 million tons per annum for in-house operations and for the new LNG power plant consumptions after 2015. The construction of LNG terminals is under progress to this end and these endeavors will assist us in playing an active role in the advancement of the gas industry, an initiative being undertaken by the Korean government, and in contributing to the stable energy supply for the nation.

Expanded Penetration of City Gas

We at GS Caltex ensure the stable supply of city gas, which is a safe and convenient energy source, through our subsidiaries of Haeyang City Gas and Seorabeol City Gas. Seorabeol City Gas was established in 2000 to service Gyeongju City and Youngcheon City in the North Gyeongsang Province. In 2001, we took over Haeyang City Gas, which services Gwangju City to build the firm foundation for our city gas business. Included in our efforts to expand the scope of our service areas are equity investments in and strategic partnerships with Kyung Nam Energy Co., Ltd. and Kangnam City Gas Co., Ltd.. We will continue to commit ourselves to the establishment of future energy leadership and the supply of cleaner energy to households and businesses in the upcoming years.

Stable Supply of Crude Oil

Upstream Business Development

GS Caltex currently owns 8 exploratory projects, including NE Natuna Block in Indonesia. GS Holdings has an additional 7 such projects. In 2012, GS Energy, a holding company specialized in

the energy business, was newly launched in order to advance into the UAE and the U.S. projects. Altogether, the total number of E&P projects we have equity ownership in stands at 17.

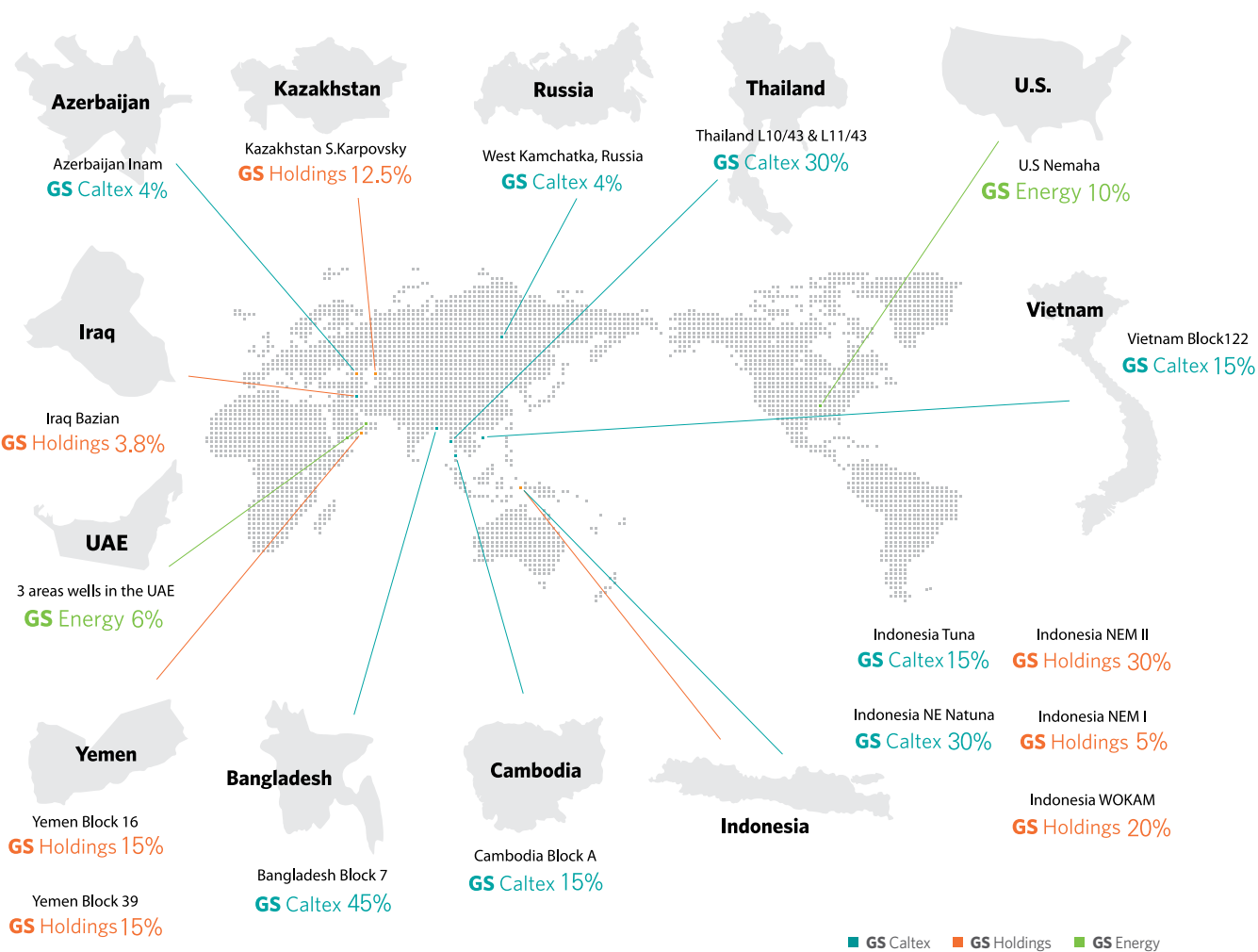
Our Strength in the E&P Business

The E&P business at GS Caltex is strong in that it is able to generate synergistic effects, through its strategic partnership with GS Group companies, such as GS Holdings. The established overseas networks of GS Global can be utilized to further strengthen our overseas E&P business. Following the physical spin-off of GS Energy in 2012, the overseas oil field development came under the leadership of GS Caltex. This will further speed up the relevant decision-making processes, regarding the 3 areas in the UAE and the Nemaha oil field project in the U.S. and will lead to increased synergy for sustainable growth that befits the values of the GSC Way.

Stable Supply of Crude Oil

We import 250 million barrels of crude oil from major oil producers annually and continue to build strategic networks by tightening solidarity with oil-producing nations and overseas energy companies. In a bid to ensure stability in oil supply, we specifically set up a subsidiary office in Singapore and branch offices in London and the UAE. Presently, we import as many as 80 different kinds of crude oils from 30 nations around the world including the Middle East, Southeast Asia, Australia, Europe, Central and Latin America and Africa. Moreover, we continue to expand new business opportunities that span the development of oil fields and green growth business as well as petroleum and petrochemical businesses.





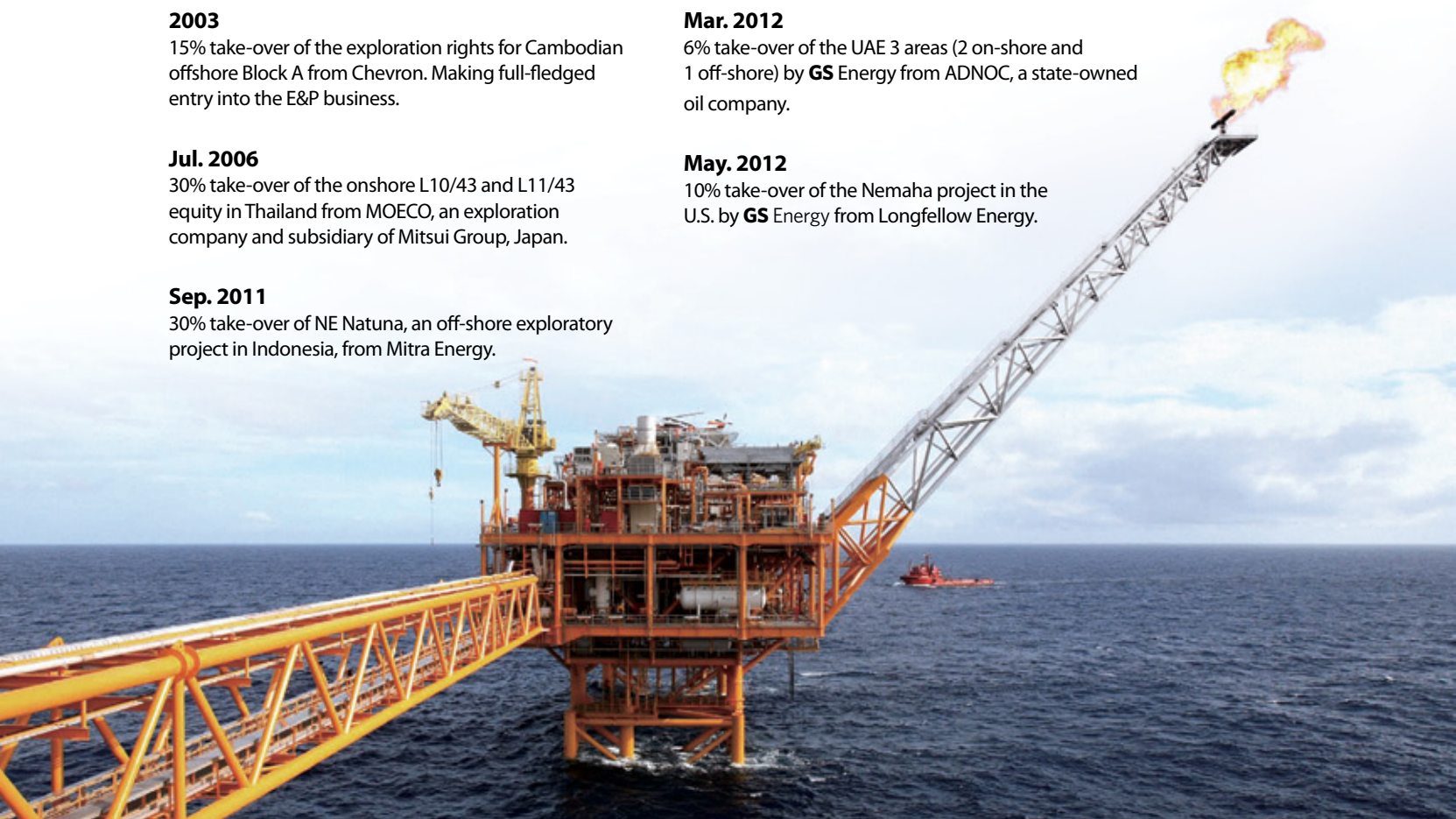
2003
15% take-over of the exploration rights for Cambodian offshore Block A from Chevron. Making full-fledged entry into the E&P business.

Jul. 2006
30% take-over of the onshore L10/43 and L11/43 equity in Thailand from MOECO, an exploration company and subsidiary of Mitsui Group, Japan.

Sep. 2011
30% take-over of NE Natuna, an off-shore exploratory project in Indonesia, from Mitra Energy.

Mar. 2012
6% take-over of the UAE 3 areas (2 on-shore and 1 off-shore) by GS Energy from ADNOC, a state-owned oil company.

May. 2012
10% take-over of the Nemaha project in the U.S. by GS Energy from Longfellow Energy.



Establishment of Future Energy Leadership

Stakeholder Issues Identified through the Materiality Test

Issue	Priority
Increasing sources of alternative energy	4
Depletion of natural resources (fossil fuel and etc.)	11

Natural resources are finite and will someday be completely depleted. Therefore, the demand for alternative energy sources can increase. At GS Caltex, we build plans for the stable supply of crude oil and focus on the development and commercialization of new and renewable energy sources in order to respond to the sustainability trend.

OUR CHALLENGE		OUR RESPONSE			
CSR STRATEGY	CSR Issues	2011 Implementation Tasks	2011 Major Achievements	Progress	2012 Implementation Task
Establishment of Future Energy Leadership	Endeavors are required to secure future energy leadership	Acquisition of initiatives through future energy business	Waste treatment business was expanded through the establishment of GS Energy and existing subsidiaries	➔	—
RELIABLE ENERGY Establishment of Future Energy Leadership		◆ New and Renewable Energy	◆ Waste Recycling		

Stakeholder's Voice

Holding Company

Sung-Wook, Lee
Senior Manager
GS Holdings



Natural resources, specifically petroleum, will be depleted sooner or later. In order to build preparedness for the changing market conditions caused by the depletion of crude oil, the company needs to act more proactively to develop alternative energy sources. As an interim step before the development of such alternative sources, it also needs to continue developing upgrader facilities to fulfill its responsibility as a stable energy supplier. The ultimate goal of GS Caltex should be to become a total energy provider that is beloved by consumers through the development of cost-saving and easily accessible energy. This will require proactive initiatives to develop alternative energy and new & renewable energy for sustainable growth.

GS Caltex's Commitment

We at GS Caltex are fully aware of the limitations of finite natural resources and are coping with this challenge. In 2011, our response task was to secure initiatives through our future energy business. The expansion of the new & renewable energy business and the waste treatment business through GS Energy and other subsidiaries will assist us in responding to the changing paradigm in the energy sector.



New & Renewable Energy

GS Caltex is fully dedicated to the development of new & renewable energy sources. This will enable us to build a rigorous preparedness to meet future energy needs and take the lead in the paradigm shift of the future energy industry.

Carbon Materials for EDLC

We set up 'Power Carbon Technology', a joint venture with JX-NOE, Japan's largest refinery, to produce carbon materials for EDLC(Electric Double Layer Capacitor) which are eco-friendly energy storage devices. We held the ground-breaking ceremony for the plant construction in May of 2009 at Gumi City in North Gyeongsang Province. Completed in March 2010, the plant commenced full-scale mass productions of EDLC carbon materials with an annual capacity of 300 tons, which is world's largest, and commercial marketing began accordingly.

Thin- Film Battery

Together with our affiliate, **GS Nanotech**, we work in developing thin-film battery products that are touted as the next-generation rechargeable battery and in commencing the mass production of such batteries for the first time in Asia. **GS Caltex** is positioned to be a trend- setter in the thin-film battery and electronics market with its best-in-class technological capability. We are also working to tap into the global market with the opening of authorized retail stores in Japan.

Battery Materials

Our research on the next-generation, secondary battery materials began in 2009, to cope with the coming age of electric vehicles.

Cathode ► While cathode materials are a core component of rechargeable batteries, only 30% of them are available with domestic technology. Thus, it is critical that Korean companies increase their competitive edge in this field. Against the backdrop of the new electrical age, **GS Caltex** is fully committed to developing next-generation cathode materials to improve its competitive edge and plans to further increase the number of researchers to such projects continuously. We strengthened our strategic investments in DAEJUNG Energy Materials, which has the in-house operational capacity to produce all the cathode materials for rechargeable batteries (precursors and cathode materials), and our equity ownership in the company rose from 14.5% in 2010 to 29% in 2011. DAEJUNG EM established its own mass production system

with the completion of the production facility, which is capable of manufacturing 2,000 tons of precursors per year and 1,000 tons of cathode materials per year in Iksan, North Jeolla Province, in 2011.

Anode ► Our R&D efforts to develop anode materials (another core component of rechargeable batteries), began in 2005 and led to the successful localization of anode production. The anode materials manufactured by **GS Caltex** are the soft carbon type that requires thermal treatments of 1000°C. This demonstrates that they are higher in output and faster in charge, compared to conventional graphite materials. Moreover, they are more affordable than artificial graphite and safer than natural graphite, which increases their potential as battery materials for electric vehicles. Our anode business is being conducted through 'Power Carbon Technology', a joint venture with JX-NOE, Japan's largest refiner, and our anode plant (with an annual production capacity of 2,000 tons), was completed in December of 2011. The plant has been in full commercial operation since March of 2012. The capability of mass production, which became available with this plant, has enabled us to localize the production of anode materials, which previously depended heavily on imports. This will further boost the next-generation lithium-ion battery business in the upcoming years.



Power Carbon Technology

Fuel Cell

Since 1989, when we began developing fuel cells as an energy company, we have developed 1kW fuel cell products for households and 5kW fuel cell products for buildings through our subsidiary **GS FuelCell**. Fuel cell is a high-efficiency eco-friendly energy device that converts city gas into hydrogen, which then reacts with oxygen in the air to produce electricity and heat simultaneously. Moreover, it is also a next-generation energy source with a capability to reduce CO₂ emissions by 45%. **GS Caltex's** technology research institute is developing high-capacity fuel cells for buildings and main system component technology. It successfully completed the development of the high-capacity fuel cell system with a capacity above 100kW.

Waste Recycling

We at GS Caltex recognize that the transition into a recycling economy is a critical social challenge. We pursue the sustainable use of resources with the help of our subsidiaries Samil Polymer and GS Plotech by enhancing the recycling and consumption efficiency of finite resources.

Recycling of Waste Plastics

Samil Polymer, one of our subsidiaries, produces eco-friendly composite resins suitable for automobiles and home appliances from recycled plastics. Plastic materials are not recycled and instead incinerated or buried in most cases but the incineration generates GHG emissions and causes environmental pollution. The burial, too, has negative impacts on the environment as plastics take a long time to disintegrate organically. The recycling of 1 ton of waste plastics is equal to reducing 1.26 tons of CO₂ emissions.



The recycled plastics market was initiated in early 2000 in Europe and amounts to KRW 500 billion today with an annual growth rate of over 20%. The domestic recycled plastics market is in its infancy but is expected to grow continuously with the increasing usage of recycled components due to the Act on the Resources Recycling of Electrical/Electronics Products and Automobiles legislated in accordance with tightening global environmental regulations since 2008.

Waste to Energy(Plasma Gasification)

GS Plotech, one of our subsidiaries, possesses the Plasma Gasification & Vitrification technology that enables the eco-friendly and efficient treatment of waste and the highly-effective transition of waste into energy. The world-class gasification technology is at the core of **GS Plotech's** technology portfolio and is capable of treating all types of flammable waste regardless of their composition.

The synthetic gas produced as a byproduct can be recovered in various types of energy to deliver such applications as steam generation, power generation, the extraction of high-purity hydrogen and the replacement of fossil fuel, thus allowing us to meet wide-ranging needs of our customers.

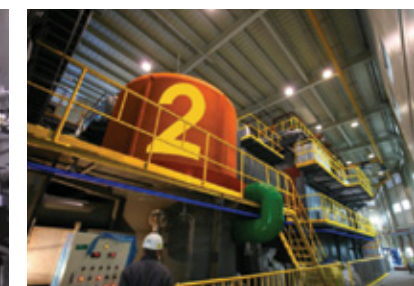
This process reduces pollutants such as dioxin that are generated from waste treatment by less than 1/10 compared to the traditional incineration. Additionally, the byproduct of slag, a harmless glass crystalline material, can be reused for construction materials or soil remediation. Fundamentally suppressing environmental pollutants and obtaining the most out of the energy produced from waste in the form of steam, electricity, and hydrogen, is quite different from conventional waste-to-conversion technologies and presents a future way of generating new and renewable energy.

GS Plotech's commercial waste treatment facility in Cheongsong, North Gyeongsang Province, with a daily capacity of 10 tons succeeded in extracting high-purity hydrogen out of the daily waste treated and in commercializing the fuel cell power generation for the first time in the world, backed by the governmental support. This achievement was highly recognized in the international society as well as in Korea.

The construction of our gasification facility in Yeoncheon to supply steam using RPF(Refused Plastic Fuel) with a daily capacity of 110 tons is under way as scheduled and slated for the commencement of commercial operation in July, 2012.



500kW Plasma Facility



Plasma Gasification Facility in Yeoncheon



World's First Fuel Cell Generation Powered by Waste Resources

ACCOUNTABLE ENGAGEMENT

GS Caltex continues to endeavor to enhance stakeholder engagement, establish fair operating practices and promote community development via Accountable Engagement.

Fair Operation → 41

Community Involvement and Development → 45

Ethics Training for Employees
(unit: No. of employees)

3,337

Social Contributions
(unit: KRW thousand million)

566

Participants in Social Volunteering Groups
(unit: No. of employees)

6,371



Fair Operation

Stakeholder Issues Identified through the Materiality Test

Issue	Priority
✓ Growing demand for fair trade	2
✓ Growing demand for transparency	7
✓ Fair competition	17
✓ Increasing demand for distribution structure improvement	19
✓ Promotion of social responsibility within the company's influence sphere	25

At **GS Caltex**, our top priority in business conduct is our compliance with the principles of business ethics. We execute substantial initiatives in ensuring our business is more sustainable by taking the lead in establishing fair operating practices and expanding their scope to suppliers and subsidiaries.

● Completed → On-going

OUR CHALLENGE		OUR RESPONSE		
CSR STRATEGY	CSR Issues	2011 Implementation Tasks	2011 Major Achievements	2012 Implementation Task
Fair Operation	Proactive endeavors are required to prevent violations of fair operating regulations	Establishment and implementation of fair operating safeguards	Fair operating practice procedures were created and training was strengthened for business units with high fair operation risks	→ Tightening of social responsibility-related requirements in signing purchasing/service bidding contracts
	Stronger endeavors should be made to facilitate social responsibilities in other organizations in the value chain	CSR Committee decision to strengthen support for CSR initiatives at business suppliers (Feb. 2011)	Transaction practices among Tier 1 and Tier 2 suppliers were improved, Ethics management training was given to suppliers	●

ACCOUNTABLE ENGAGEMENT
Fair Operation

- ◆ Ethics Management / Fair Trade
- ◆ Win-Win Management

Stakeholder's Voice

Supplier

Byeong-Jae Park
President
E-IL Industry Co., Ltd.



The concentration of economic power in large companies is a controversial issue in Korean society. When we think of **GS Caltex**, what comes to our mind is 'clean, corruption-free, neat and gentle people'. Everything the company does is closely watched as it is a leading oil company and many companies follow in the footsteps of **GS Caltex** in terms of wages, labor relations, social contributions and consumer issues. As a large company, **GS Caltex** shoulders a particularly heavy social responsibility.

GS Caltex's Commitment

In 2011, we at **GS Caltex** created fair transaction procedures, strengthened training for those organizations with higher fair trade risks, offered ethics management training for suppliers to improve transaction practices between Tier 1 and Tier 2 suppliers and assisted suppliers in establishing voluntary ethics management compliance programs. Such initiatives will further expand in 2012 to encourage suppliers to fulfill their social responsibilities by tightening social responsibility requirements in awarding purchasing/service bidding contracts.



Ethics Management/Fair Trade

Our ethics management strives to seek win-win partnerships in our business so that we may grow and develop conjointly not only with our customers, shareholders and employees but also with our suppliers, nation/society, and EHS(environment, health and safety) throughout the entire business activity spectrum.

Ethics Management

CEO's Commitment towards Ethics Management

One of the key factors in determining the success of ethics management is a CEO's commitment towards it. Our CEO messages were shared twice in 2011 to emphasize the importance of ethics management and fair trade across all GS Caltex employees and subsidiaries.

Jan. 2011 “ For us to achieve sustainable profit growth, ethical decision-making and behaviors based on legality, fairness and transparency should be built into our daily operations and each GS Caltex employee should be accountable for both the processes and outcomes. ”

Sep. 2011 “ Direct or indirect requests for gifts or bribes to customers or suppliers, or the requests of unjustifiable favors or engaging in unfair transactions are not tolerated as they run against our initiative of shared growth with customers and suppliers. If received unavoidably, against regulation, they should be reported and returned in accordance with the set procedures so that ethics management may continue to take its firm root across our organization. ”

Code of Ethics

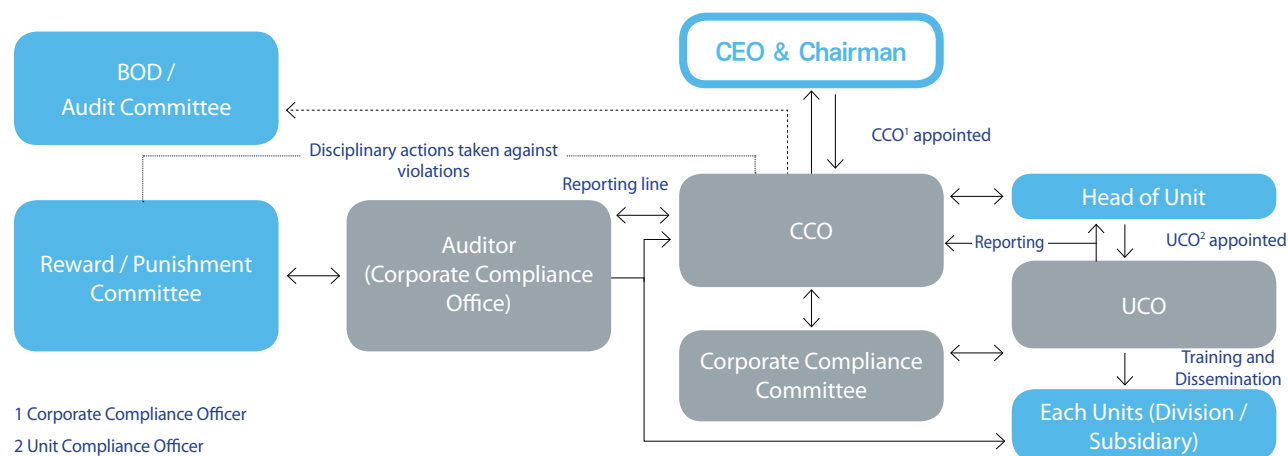
Fully aware of the importance of ethics management, we created the code of ethics back in 1994, which serves as the benchmark for senior management level decision-making and the fulfillment of employee job duties. The code of ethics was followed by the establishment and operation of practical guidelines for detailed action rules, corporate compliance work rules that stipulate relevant organizational/reporting framework and practical guidelines for fair trade that include compliance requirements for employees regarding fair trade. In 2011, we specifically revised the code of ethics and practical guidelines for detailed action rules to clearly stipulate our responsibility for the protection of human rights.

Voluntary Compliance Organizational Framework

Following the corporate compliance guidelines announced by our CEO, the CFO was appointed as the CCO(Corporate Compliance Officer) in 2001 and the UCO(Unit Compliance Officer)s were also appointed in each division and subsidiary in a bid to ensure that voluntary compliance actions are taken and supervised in a substantial manner at the workplace(20 management-level UCOs, as of 2011). Our Corporate Compliance Committee meets twice a year to share company-wide issues on ethics management & fair trade and to discuss ways to prevent business ethics violations. We instituted the Corporate Compliance Office(Systems & Procedures Team) to ensure the substantial implementation of preventive measures. Our ethics management action plans and performance are transparently reported semi-annually via the Audit Committee under the Board of Directors.

Ethics Management Hotline

Internet <http://ethics.gscaltex.com>
Phone 02-2005-6011
Fax 02-556-7630
Grievance Resolution Division(reports of sexual harassment) 02-2005-6012
E-mail ethics@gscaltex.com



1 Corporate Compliance Officer
2 Unit Compliance Officer

Corporate Compliance Program Training

Primarily, these courses focus on the 7 areas of: understanding of CCP, basic ethics of employees, fair trade, prevention of sexual harassment, information security, EHS & Q¹, and CCM², which our employees should understand and practice in their job duties.

1 Environment, Health, Safety & Quality

2 Customer Centered Management

To enhance understanding and consensus among employees, our online CCP courses were developed into 3 different courses from 2010 : general courses, intensive courses for marketing units and intensive courses for procurement units. Such segmented courses enable us to provide job-specific and division-specific programs that are differentiated in terms of study cases and course content. The fair trade program is a case in point-offering advanced courses for marketing units that include common wrongful actions and general unfair transactions, unjustified displays and advertisements, unwarranted giveaways and other issues that sales representatives are expected to know. Intensive courses for procurement units address what purchasing employees should bear in mind including what constitutes unfair subcontract transactions.

Employee CCP Training (unit: No. of trained employees)

	as of 2011
Online	2,262
Offline	1,075
Total	3,337

* CD training for technical workers is not included.

For More Information on the Corporate Compliance Program

Corporate Compliance Office- Systems & Procedures Team
Phone 02-2005-6259
E-mail clean@gscaltex.com
Corporate Compliance Officer- Tae-Jin Um, Senior Vice President, CFO

Communication with Employees on Ethics Management

Our ethics management website (<http://ethics.gscaltex.com>) allows us to introduce ethics management initiatives at GS Caltex externally and it serves as a communication and reporting channel for stakeholders such as customers and suppliers. The existing Ethics Management Hotline website was reorganized into the ethics management



website and it is co-managed with our shared growth and CCM websites in an integrated manner in an integrated manner.

We also take extensive actions in building consensus regarding ethical issues through continued communication with our employees. First, we have an ethics management bulletin board on the corporate intranet to share that the most recent cases, trends and Q&As regarding ethics management and fair trade are shared constantly. Second, we issue the monthly ethics management webzine "Ethics Virus" which is distributed across the entire company. This webzine allows us to discuss the latest news on ethics management and fair trade while encouraging lively debates on ethics dilemmas and, helping our employees raise ethical awareness in regards to their daily work life.

Fair Trade

To respond to growing social needs for transparency and uncertainty of fluctuating oil prices and other instabilities in the market environment, GS Caltex consider fair trade as the top priority in our business conduct and strive to prevent all types of unfair practices including price fixing.

Compliance with the (Fair Trade) Law

We have wide-ranging programs to comply with the fair trade law of Korea. With the growing importance of fair trade, we set up 'the advance review system for fair trade law compliance' in December of 2009. This system makes it mandatory for relevant departments to review in advance whether new systems, established due to changes in internal/external environments, bear any risk of violating the fair trade law. This aims to minimize the risks of legal violations associated with new corporate systems and to further clarify employee obligations in abiding with fair trade laws. With continued monitoring since the creation of the system, we are addressing compliance issues.

Preventing Violations of the (Fair Trade) Law

We take precautionary actions in preventing any possible violations of the fair trade law: including voluntary compliance checks which are carried out frequently in the particular units that bear high risks of violation.



Win-Win Management

At **GS Caltex**, we believe that our sustainability can be enhanced only through mutually-beneficial management with our suppliers. With our CEO's deep-rooted management philosophy of 'put yourself in an other's shoes', we will commit ourselves to mutually-beneficial management with our suppliers and support these suppliers based on trust.

Introduction and Operation of the Three Fair Trade Guidelines

We are in full compliance with the following three key guidelines: contract-signing guidelines to establish voluntary fair subcontract transaction systems on the part of big companies, guidelines to select and manage suppliers and guidelines to create and operate the internal committee to review subcontract transactions. We are also expanding other types of management support covering technology development and education/training and the installation of a separate department dedicated to shared growth initiatives.

Making Cash Payments to Suppliers

We made 100% full cash payments of KRW 420.5 billion to small and medium size suppliers and reduced the average payment periods from 10 days to 4.4 days after the receipt of tax invoices. We also created a KRW 100 billion win-win partnership fund together with financial institutions to support our suppliers in receiving

loans. Consequently, 35 of our suppliers benefited from KRW 31.5 billion worth of low-interest loans by the end of 2011.

Adjustment of Delivery Unit Price

We proactively adjusted delivery unit prices for our suppliers (some KRW 5.5 billion as of 2011) in an effort to mitigate the cost burden caused by the surging prices of raw materials and exchange rate fluctuations. We also assisted our suppliers with technology development by supporting and awarding contracts to SMEs suppliers in replacing imported materials with domestic counterparts and in placing major material orders to these companies undergoing new projects. Our endeavor to seek shared growth with suppliers in an air of mutual trust and cooperative fair trade-based relationships was widely appreciated.

Stronger Support for Suppliers

Included in our endeavors to expand shared growth was the conclusion of the shared growth agreement among 139 Tier 1 and Tier 2 suppliers. This allowed our Tier 1 suppliers to incorporate improved payment conditions for Tier 2 suppliers. Moreover, the system to provide information on adjusted delivery unit prices to Tier 2 suppliers is up and running to ensure these Tier 2 suppliers are fully aware of any price adjustments if Tier 1 suppliers benefit from increased delivery unit prices from **GS Caltex**.

Support for **GS Caltex** Suppliers

1. Financial Support

- Creating the KRW 100 billion win-win partnership fund with the financial institution to reduce supplier's financial burden from high interest rates on bank loans.
- Arranging KRW 60 billion network loans to support supplier loans
- Supporting loans for high-performing suppliers with long-term business relationships
- Investment in the Win-Win Guarantee Fund in the new and renewable energy sector

2. Improvement in Making Payments

- Making 100% full cash payments
- Completing payments within 7 days upon receiving tax invoices issued by suppliers after delivery
- Making 20% pre-payments of estimated monthly contract sums

3. Intensive Support for Education and Training

- Operation of the **GS Caltex** Supplier Support Center-technology training at the Yeosu Complex, training on marine transportation safety and energy efficiency
- Providing ethics management education and assisting in building a voluntary ethics compliance program

4. Increasing Support for Technology Development

- Allowing suppliers to participate in new product developments and supporting their product development efforts
- Providing opportunities for laboratory tests of international certification agencies to improve suppliers' technology capacity
- Awarding orders to small and medium size suppliers of equipment for new projects

- Assisting suppliers in replacing imported materials with domestic counterparts
- Supporting high-performing suppliers with patent application costs

5. Management and Other Types of Support

- Six sigma education and management consulting
- Serving as a purchasing agent of raw and subsidiary materials for OEM partners
- Aiding in the establishment of a safety and health management system
- Exempting outstanding suppliers from performance bond payments
- Exempting outstanding suppliers from warranty bond payments
- Operating the Joint Growth Office
- Operating the Unfair Transaction Reporting Center (within the Ethics Management Hotline)
- Introducing high-performing suppliers and their products on the **GS Caltex** corporate website
- Consultation meetings with suppliers
- Assisting top-performing suppliers in expanding domestic and overseas markets
- Support for company resorts
- Support for supplier offices

6. Support for Tier 2 Suppliers

- Signing the agreement among Tier 1 and Tier 2 suppliers
- Building the price adjustment information provision system

Community Involvement and Development

Stakeholder Issues Identified through the Materiality Test

	Priority
☑ Endeavors to support investments in the local community	29
☑ Contributions to education and the cultural development of local communities	30
☑ Growing wealth gap	20
☑ Participation in local community development	21

At **GS Caltex**, we take social contribution initiatives with wide-ranging stakeholders including local community people, customers and relevant organizations as well as employees in order to promote the development and welfare of the local community. We will continue to listen to local community stakeholders and put visible efforts into improving local communities.

OUR CHALLENGE		OUR RESPONSE		
CSR STRATEGY	CSR Issues	2011 Implementation Tasks	2011 Major Achievements	2012 Implementation Task
Community Involvement and Development	The development and utilization of technology for local communities is required and contributions and support should be geared towards reduced dependency on them	Strengthened contributions and support activities to improve the independence of local communities	Existing programs including job training for women continued, Support was given to the industry-academia-government partnership project under the Innovation Center for Safety Diagnosis Technology of Heavy & Chemical Facilities, Chonnam National University, Support for Technician School in Yeosu City	Development of technology transfer programs for local communities
Strengthened Stakeholder Identification and Engagement	Social responsibility vision and strategy should be integrated with the company-wide vision structure and CSR should be considered in making employee performance evaluations	Creation of CSR strategies and assessment of CSR performance	CSR strategy framework was set and 1st-year implementation tasks were identified	Establishment of the performance evaluation system on social responsibility management
	Systematized process should be set up to identify major stakeholder issues	Establishment and expansion of stakeholder engagement and process regarding CSR	Stakeholder engagement process was completed to identify issues to be reported	Designation of R&R to ensure integrated management of stakeholder engagement
	PR activities are insufficient to promote stakeholder engagement	Strengthened communication on social responsibility initiatives	Integrated management of stakeholder engagement was explored	Creation of integrated management programs

● Completed ➔ On-going

ACCOUNTABLE ENGAGEMENT
Community Involvement and Development

- ◆ Social Contribution
- ◆ Enhancement of Community Independence

Stakeholder's Voice

Local Community

Chang-Jin Han

Chairman
Ye-ul Maru Project
Committee



As a company located in the Honam area, the southwestern region of Korea, **GS Caltex** is making significant economic contributions to the local economy by generating full-time jobs through the massive investments in expanding plant facilities. Given that low-price bidding and the frequent change of suppliers do occur in the market, **GS Caltex** needs to promote local suppliers in the Honam area through technology transfers and other means. It specifically needs to nurture suppliers that possess competitive and reliable technological capabilities in tapping the global market.

GS Caltex's Commitment

At **GS Caltex**, our support for the local community is geared towards the development and utilization of technology for the local community and the reduced dependency of the local community. The beneficiaries of our support in 2011 included the support project for female job seekers, the Innovation Center for Safety Diagnosis Technology of Heavy & Chemical Facility of Chonnam National University, the industry-academia-government cooperation project, and the Technician School of Yeosu City. We plan to develop technology transfer programs that may be utilized to help local communities grow in order to strengthen our support for the local community.



Social Contribution

Under the catchphrase 'Beautiful World through Energy Sharing', we are fully committed to social philanthropic initiatives in order to fulfill our social responsibilities and duties as a corporate citizen.

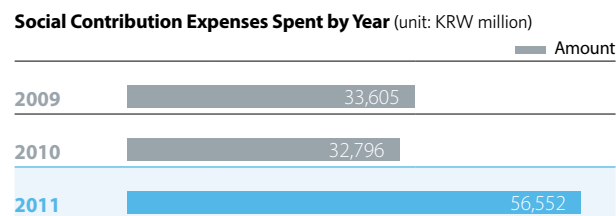
Social Contribution Initiative Directions

Our Social Contribution Catchphrase
SLOGAN
Beautiful World through Energy Sharing

Our Mission in Social Contribution Initiatives
MISSION
Green Sharing
Fulfilling environmental responsibilities for a sustainable future as a total energy service provider

Community Involvement
Carrying out our responsibilities for a happy and growing local community as a corporate citizen

At **GS Caltex**, our social philanthropic activities focus on two overarching themes: 'Green Sharing' to create a green environment through sharing for the sustainable future of the planet and humanity and 'Community Involvement' that moves beyond fragmented support for local communities to pursue actual local community involvement and development.



Social Contribution Expenses Spent by Category (unit: KRW million)

Category	2009	2010	2011
Social Welfare	6,843	9,436	11,972
Environment Preservation	504	1,057	1,352
Culture and Sports	12,425	16,218	36,780
Education Scholarship	13,145	3,586	2,610
Others	688	2,472	3,838
Total	33,605	33,769	56,552

Major Social Contribution Programs

Environmental Education for Children

National Park Ecology Experience Courses /Environmental Education for Children ▶ In 2010, we started national park ecology experience courses for children from low-income families, the physically-challenged seniors in conjunction with the Ministry of Environment and Korean National Park with an aim to enhance the welfare of the under-privileged and raise the social awareness of environmental preservation. In 2011, 139 sessions were held and attended by 6,377 people. We also initiated environmental education programs for children in 2010 to instruct them about climate change and the correct use of energy. In 2011, 13 sessions of one-day education programs and 2-night 3-day camps were held, attended by 569 children.

Green Art Contest/Green Children's Writing Contest ▶ Since 1994, we have been holding the Green Art Contest in Seoul and the Green Children's Writing Contest in Yeosu to encourage children to think about the meaning and importance of environmental preservation. The Green Art Contest held in May of 2011 offered various programs including the renewable energy experience program (solar and wind power) and the portable water purifier experience program through colored waste water. The writing contest had a writing theme related with the natural environment and was held in conjunction with the kids climate change quiz. So far, these two events have been attended by a total of 141,000 children.

Support for Environmental Diseases and Refugees

Helping Environmental Refugees in Cambodia ▶ We help overseas environmental refugees in third-world countries who have difficulties in either obtaining an adequate supply of drinking water or in addressing well water contamination due to climate changes and increasing demographics in conjunction with Good Neighbors. In 2011, we provided 708 water purifying devices, built 60 toilets and created 300,000m² (20ha) reservoirs in the northern part of Cambodia. In addition, a group of 20 volunteers comprised of under-privileged children and **GS Caltex** employees was sent to the nation for various relief activities.

Goods for Charity ▶ Our Goods for Charity initiative began in 2006 together with World Vision, a social welfare organization. Joint projects were undertaken in conjunction with **GS Engineering & Construction**, **GS Home Shopping**, **GS Retail**, **GS EPS**, **GS Sports** and the J. K. Huh Foundation. The healing bags designed by Seo-Won Park, CEO of Big Ant International, were sold under the initiative in 2011. All the proceeds went to help children suffering environmental diseases.

Helping the Under-privileged in Local Communities

Support for the Needy ▶ We are actively assisting the needy to ensure everyone in our local community has the opportunity to live a peaceful life. We recently launched the **GS&POINT** Na-Num card designed specifically for charity donations in conjunction with the Korean Red Cross to allow card-holders to donate their accumulated gas mileage to the needy. Those mileage are then matched in equivalent sums through the donations made by **GS Caltex**. The sharing of love and compassion on the Korean Thanksgiving Day, which began back in 2005, continued to donate necessary goods to 112 local welfare facilities and 560 low-income households in September of 2011. We also provided assistance to 400 households living in permanent rental apartments within Yeosu city their heating bills in 2011.

Soup Kitchen ▶ Our soup kitchen in Yeosu, '**GS Caltex** House of Love & Sharing', has been offering free lunches to approximately 310 elderly people per day, Monday through Friday, since 2008. Some 400 volunteers from the women's association comprised of the spouses of **GS Caltex** employees and local volunteer groups offer their helping hand in the soup kitchen. In 2011, 3,876 volunteers participated in serving 78,462 meals. As of 2011, the number of beneficiaries in this initiative amounted to 277,135.

Support for Villages on Islands and in Remote Areas ▶ We are an active supporter of villages on islands and remote areas that are relatively left behind from their urban counterparts. Each year, we help repair houses for senior people living alone on the islands, hold special events for the elderly living in island villages, and donate goods for public use within these villages.

Education Donation Initiative

Signing the Education Donation Agreement ▶ In order to promote public education and foster creative talent, we decided to cooperate with the Ministry of Education, Science and Technology and signed an agreement on November 22, 2011 to facilitate our educational donations. **GS Caltex's** CEO Dong-Soo Hur and the Minister of Education, Science and Technology Ju-Ho Lee, participated in this agreement. Our previous endeavors to nurture talent that covered the support for the industry-academia cooperation in the energy sector and the creativity academy for university students were further boosted after the signing of this agreement. It allowed us to take the lead in making educational donations that aim to foster talented individuals who will lead the future energy society. These donations cover the Junior R&D Camp for the scientifically-gifted children and the 6 Sigma training for school principals and teachers.

GS Caltex Scholarship ▶ Since 1996, we have been providing **GS Caltex** Scholarships to secondary and university students in Yeosu. A total of 467 students were awarded with the scholarships during the scholarship ceremony held on April 27, 2011. The accumulated number of beneficiaries and scholarships offered amounted to 6,578 and KRW 4.8 billion respectively as of 2011. Moreover, we instituted the sponsoring of English classes taught by native English speakers in 2007 for elementary and junior high school students in island regions near Yeosu, South Jeolla Province.





Enhancement of Local Community Independence

Our social contribution programs are geared towards improved independence and technological development capabilities of local communities.

Support for the Income Growth of Local Island Residents

We have been operating summer guest homes in villages near the Geomun and Geumo Islands near Yeosu since 2005. This directly contributes to the increased income of the local people by attracting tourists. A total of 560 GS Caltex employee family members and workers of our suppliers came to these islands between July and August of 2011. As of 2011, approximately 6,000 visitors have stayed at the summer guest homes over the past 7 years.



Support for Female Job Seekers

We have been supporting employment-training programs to assist local women in improving their job-seeking and vocational capabilities since 2005. In 2011, 60 novice lecturers were given an opportunity to accumulate hands-on work experience and develop their professional capabilities. By 2011, a total of 13 such training programs were attended by 347 women. Another initiative is in assisting married immigrant women to adapt to Korean society and engage in economic activities through the support of childcare facilities and various types of educational assistance.



Self-support Initiative for Local People

We continue to repair houses for local people in island villages to improve living conditions for the elderly near Yeosu in alignment with the self-support initiative for low-income people in local community. In 2011, 42 low-income households were offered assistance with wallpapering and floor installation in the island region near Nam-myeon, Yeosu. Accumulatively, 261 households in this area received such support including wallpapering, floor installation and simple home repair services between 2005 and 2011. We also signed an agreement to support established social enterprises in order to create jobs for local women in 2008. We have continued to support these businesses by paying office rental fees in the early stages, purchasing their products and participating in the relevant steering committee.



Sponsoring the Technician Development Project

We are an active sponsor of the Technician School which aims to help young job seekers in Yeosu City build capacity and grow into top-performing technicians so that they may land jobs with local companies. From the preliminary planning stage of the project, we offered extensive efforts in offering wide-ranging support that included advice and benchmarking. We are currently serving as a collaborating company for the project execution committee.



GS Caltex's Culture & Art Park Ye-ul Maru

The Ye-ul Maru Culture & Art Park is our representative social contribution project that demonstrates our firm commitment to the shared growth with the local community as a founding company of the Yeosu National Industrial Complex.

Incorporation of Stakeholder Feedback in Building Ye-ul Maru

At GS Caltex, we ensure that all our social contribution initiatives in local communities openly welcome the voices of stakeholders and reflect them to promote the development of the local community. Our stakeholders in Yeosu hoped to enjoy culture and art and this prompted us to create the cultural and art infrastructure that befits the status of Yeosu as the host city of the 2012 Expo, in a bid to translate the aspiration of local people into the development of local culture and art.

Eco-friendly Cultural and Art Space Life with Waves of Culture & Art and Relaxation

Ye-ul Maru embodies the meaning of a space life with waves of culture and art in addition to room for relaxation as demonstrated by the floor of the traditional Korean house that was designed by Dominique Perrault, an architect famous for his eco-friendly designs that comprehensively reflect the historical, cultural and geographical conditions of local community. His design created a 2-km trail starting from the viewing deck on the top of Mangma Mountain, extending through the key facilities of the performance and exhibition halls, all the way down to the atelier (work space for artists). There is a permanent exhibition hall on Jang Island on the pedestrian bridge. The exhibit is perfected by the amazing harmony of the mountains and the sea. It is further completed by the arrangement of major underground facilities, which strike a natural balance with the surrounding environment. The design particularly reflected our long-standing commitment

to 'eco-friendliness by maximizing the use of new and renewable energy such as photovoltaics and thermal labyrinths while preserving the pristine geographical terrain.

Ye-ul Maru, the Official Supporting Facility for the Yeosu Expo 2012

The Ye-ul Maru Culture & Art Park in Yeosu is the official supporter for the Yeosu Expo 2012 as well as a premier cultural space. GS Caltex aims to serve as a strong supporter for the development of the local economy and culture through the successful invitation and hosting of the expo event. We at GS Caltex hope that a variety of performances and exhibitions offered by Ye-ul Maru will help fulfill the cultural craving of its visitors to Yeosu as well as the local people who have longed for a decent cultural life for quite some time. Included in the wide-ranging support GS Caltex will offer, will be the full supply of fuel for the expo vehicles (including shuttle busses) during the expo period. Upon completion of the park construction, all the buildings, assets and landscape facilities will be donated to the city of Yeosu and we will facilitate the direct operation of such facilities in the initial stages as performance and exhibition halls for a specified period of time.



Progress of the Ye-ul Maru Project

- Oct. 2007 Agreement signed between GS Caltex and Yeosu City to build a culture & arts park
- Apr. 2008 The project execution committee was created and the project site was finalized on a land site of 700,000m² near Mangma Mountain and Jang Island in Sijeon-dong, Yeosu
- Dec. 2008 Master plan covering the types of facilities, their sizes and arrangements was finalized
- Apr. 2009 The consortium of Chang-jo Architects, a local architect, and Dominique Perrault, the world-renowned French architect, was commissioned to design the park
- Oct. 2009 Basic design was completed
- Nov. 2009 Groundbreaking ceremony was held
- 2010 Civil engineering work was completed and building construction commenced
- May 2012 Opening



RESPONSIBLE MARKETING

At **GS Caltex**, we are committed towards responsible marketing. With this in mind, we protect consumer rights and promote sustainable consumption.

Promotion of Sustainable Consumption → 51

Protection of Consumer Rights → 53

Green Purchasing
(unit: KRW 100 million)

104

Service Stations Equipped with Vapor Recovery Units
(unit: %)

96

Customer Complaint Handling Time
(unit: days)

2.4

Promotion of Sustainable Consumption

Stakeholder Issues Identified through the Materiality Test

	Priority
✓ Increasing number of consumers who value health and an eco-friendly society	9
✓ Sustainable use of resources	14
✓ Fair marketing activities	26

Compliance with business ethics is our top priority in the conduct of business at **GS Caltex**. We take the lead in establishing fair operating practices and expanding their scope to our suppliers and subsidiaries, thus committing ourselves to sustainability management.

● Completed → On-going

OUR CHALLENGE		OUR RESPONSE		
CSR STRATEGY	CSR Issues	2011 Implementation Tasks	2011 Major Achievements	2012 Implementation Task
Promotion of Sustainable Consumption	Training programs are needed for end users regarding products and services	Operation of P/G for end users regarding products and services	Green driving campaigns were undertaken in service stations and filling stations, The GS Caltex guarantee system was strengthened (use of authentic fuel products)	● Sustainable consumption campaign
RESPONSIBLE MARKETING Promotion of Sustainable Consumption		◆ Promotion of Sustainable Consumption		

Stakeholder's Voice

Service Station

Jae-Sun Kim
Owner
Eunma Service Station



It's been almost 20 years since I began my business partnership with **GS Caltex** and we have been building a mutually-beneficial, trust-based relationship ever since. I expect the company to offer proactive operational support and assistance, rather than take simple managerial perspectives. I also hope that **GS Caltex** offers its service stations growth potential, including investments in education and training, considering those working at service stations are its own employees. They should also create service station employee training centers and disseminate the success stories of top-performing service stations. In order to ensure the shared growth of **GS Caltex** and its service stations, it is recommended that operational support for service stations is further expanded, as long as it does not hamper their stability.

GS Caltex's Commitment

Our **KiXX** Petroleum Mobile Lab service program, created for the first time in the industry in July of 2007, offers operational support for our service stations. Our on-site green driving campaign at service stations and the **GS Caltex** guarantee program will be further strengthened to offer educational opportunities to customers and to share the best practices of top-performing service stations. The eco-campaign initiative for service station employees will be initiated in 2012.

Promotion of Sustainable Consumption

We established practices of purchasing eco-friendly products through the voluntary green purchasing agreement we signed with the Ministry of Environment. We move towards low carbon green growth by disseminating an eco-friendly culture of production and consumption.

Green Purchasing

Green Purchasing Policy

We follow the directions described below in purchasing eco-friendly products in order to enhance our corporate image as an eco-friendly company and implement environmental management guidelines.

Details regarding the purchase of eco-friendly products

- Creating and practicing guidelines in purchasing eco-friendly products
- Purchasing government-designated eco-friendly products
- Discovering and expanding eco-friendly products continuously
- Managing targets and performance

Details of Eco-friendly Management Support for Suppliers

- Incorporating environmental evaluations in selecting suppliers covering long-term contracts
- Conducting environmental evaluations in inspecting materials and completing construction
- Incorporating the use of eco-friendly products in the terms of contracts
- Assisting core suppliers in establishing their own environmental management systems

Green Purchasing between 2008 and 2011 (unit: KRW million)

	2008	2009	2010	2011	Total
No. of Items Waste	976	915	1,176	1,806	4,873
Amount Purchased	4,846	4,639	5,610	10,434	25,530

Low Carbon Green Consumption

At GS Caltex, we do not believe that the energy that we consume today belongs to us. We are fully dedicated to the initiatives that reduce our environmental impact by using sophisticated energy-saving facilities in order to ensure that our children may flourish in an environment where they can live a cleaner and more prosperous life.

Low Carbon Green Consumption Campaign

Our low carbon green consumption campaign is being performed both online and offline in an aim to promote our environmental management initiatives for low carbon green growth and to establish a culture of eco-friendly consumption which will lead to the further reduction of hazardous exhaust gas emissions. Throughout the entire Auto Oasis maintenance shops nationwide, the 'automobile fuel efficiency enhancement program' is provided. This helps our customers maintain appropriate levels of tire pressure by checking their pressure status. We also provide motor oil checking service free of charge. Our service station employees who interact with customers at direct contact points take the initiative in informing customers of the program to ensure that our low carbon green consumption campaign is successfully established. Our GS Caltex guarantee program will also be strengthened to raise customer awareness regarding the use of authentic gasoline products.



Undertaking the 3-Step campaign (off-line)

1. Tire pressure: Encouraging service stations (filling stations) to participate
2. Eco-friendly driving habits: Expanding the campaign with the help of service station employees
3. Use of authentic products: Strengthening the GS Caltex guarantee program

Promotion of Low Carbon Green Consumption

1. KIXX website: Promoting the 3-Step Campaign
2. Sustained improvement of green consumption contents

Protection of Consumer Rights

Stakeholder Issues Identified through the Materiality Test

	Priority
Customers' growing price sensitivity	10
Protection of consumer data and privacy	16
Support for customer services and the resolution of complaints and disputes	22
Fair marketing activities	26

We recognize customer satisfaction as our top priority. We protect the rights of consumers through various initiatives ranging from the protection of consumer's private information, the protection of consumer safety regarding products and the resolution of consumer complaints regarding services.



Stakeholder's Voice

Investors

Chun-Seoung Yang

Executive Director
Korea Sustainability
Investing Forum



The level of competition is relatively low in the Korean oil refinery market in terms of market share compared to other industries. Companies need to compete more actively based on high quality and lower prices to provide better services to customers. As meeting their social responsibilities is the surest way for companies to guarantee their long-term sustainability, I hope that GS Caltex continues to strengthen its social responsibilities while improving its economic performance and disseminating the spirit of love and hope throughout our society.

GS Caltex's Commitment

GS Caltex is dedicated to providing high quality products at lower prices as a responsible company in spite of the current market conditions. We will specifically operate product and service-related training programs for end users as part of our efforts to meet our social responsibilities. Moreover, we will continue to boost our social responsibility initiatives based on the ISO 26000.

Protection of Consumer Rights

To ensure that the confidential information of our customers is safely managed, we make continued investments and endeavors in tightening the physical, managerial and technical security of customer information.

Protection of Consumer Data and Customer Information

Protection of Customer Information

All our employees are trained regularly to raise awareness of customer information protection and to ensure the safety in collecting, storing, using, providing and disposing customer information. Moreover, managerial and technological protection measures are undertaken to protect sensitive customer data safely in accordance with the 'Personal Information Protection Act', the 'Information & Telecommunication Network Use Facilitation and Information Protection Act' and other relevant regulations.

In-House Audit Activities for Customer Information Security

Check Items	Details
Managerial Protection	<ul style="list-style-type: none"> The collection of essential customer information should be reduced to minimum Customer consent must be obtained when collecting customer information. Personal information handling guidelines should be disclosed to address customer information. Once used, customer information must be destroyed.
Technological Protection	<ul style="list-style-type: none"> Access should be controlled to prevent the leakage of customer information through hacking attacks. Vaccine software should be installed and run to prohibit the infiltration of malicious programs. Other measures required by relevant regulations should be taken.
Audit System to Protect Customer Information	<ul style="list-style-type: none"> Annual audits should be made of customer information protection activities every year to strengthen the protection of customer information.

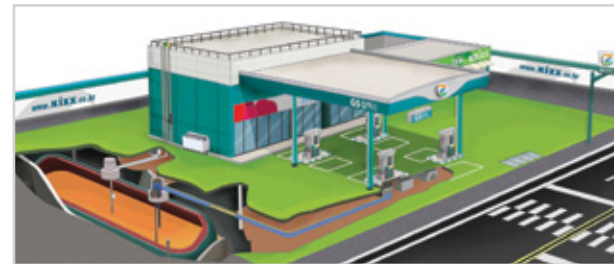
Monitoring of and Response to the Leakage of Customer Information

Our customer information monitoring system ensure that customer information is not leaked, forged or falsified and response measures are created and taken to minimize any damage to customers and provide immediate responses when customer information is misused.

Protection of Consumer Health and Safety

Protection of Service Stations from Soil Contamination

Ever since we joined the clean service station pilot project initiated by the Ministry of Environment in 2006, we have been creating more clean service stations. As of the end of 2011, we



Definition of a clean gas station ▶ Clean gas stations are equipped with proactive systems to prevent soil contamination by double-walled tanks (FRP+iron plates, HDPE), double-walled pipes, equipments to prevent oil leak and overflow and oil leak sensors.

have 160 such stations up and running, the most-ever among domestic competitors. All newly built or renovated **GS** Caltex service stations are clean service stations and down the road, we plan to boost the number of clean stations even further. With our extensive measures in the prevention of soil and underground water contamination, these clean service stations are expected to prevent economic losses that incur from the recovery of soil and underground water pollution. Clean gas stations are defined as being equipped with systems to prevent soil contamination through the leakage or discharge of pollutants. Such systems include double-walled tanks (FRP+iron plates, HDPE), double-walled pipes, facilities to prevent oil leaks and overflow and oil leak sensors.

Service Station Facility Safety Management

Gas stations deal with high-risk combustible products, meaning that fires, explosions or any other type of accidents are at risk of occurring anytime. Therefore, it is highly critical to identify and prevent risk factors in advance through facility maintenance and management. Our **KiXX** Petroleum Mobile Lab service program will examine service station facilities to search out potential risk factors early on so that immediate response measures may be taken, and so that risks that may impede the health and safety of our service stations are minimized.

Vapor Recovery System

In providing a clean and comfortable service station environment to customers and service station workers, we have installed vapor recovery units at our service stations, which prevent oil vapor from escaping into the air via gas pumps. The vapor recovery unit takes in vapor that is spread into the atmosphere via the pump nozzle and puts it into the storage tank. This improvement increases the inventory of service stations, while reducing natural gasoline losses as well as enhancing air quality. As of the end of 2011, 256 **GS** Caltex service stations or 96% of those subject to mandatory VOC installations had vapor recovery units installed and each and every **GS** Caltex service station will be equipped with vapor recovery units by 2012.

Customer Satisfaction Initiatives

We ensure that our marketing activities are carried out in a fair manner. Specifically, we provide product information to help our customers make informed purchasing decisions. We ban the use of misleading phrases and the provision of unclear information on our products across the whole spectrum of our marketing initiatives.

Fair Marketing Initiatives

As for marketing communication and product supply, we abide by the relevant regulations including the Consumer Protection Act, the Outdoor Advertisement Act and the Broadcasting Advertising Act. In 2011, there was no violation of regulations related to product and service communication.

Consumer Service Support and Complaint Resolution

Consumer Centered Management (CCM) ▶ The Customer Centered Management (CCM) certification aims to evaluate whether a company takes customer-driven approaches in organizing its activities and whether it makes sustained improvements in relevant business activities from the perspective of customers. At **GS** Caltex, we are fully aware that the 'establishment of a consumer-centered corporate culture' is essential for growing into a leading globally-competitive company and therefore we strive to enhance customer values by running customer-driven management programs. With the firm belief that such a customer-driven corporate culture is critical in achieving this aim (as well as top quality products and competitive services), systems were built to prevent any product damages to customers and the case where there were damages, those damages were attended to as they occurred. In order to earn customer trust and minimize any corporate damage, we introduced the consumer centered management initiative (previously Consumer Complaints Management System (CCMS)) in 2006 and received the 'certificate of

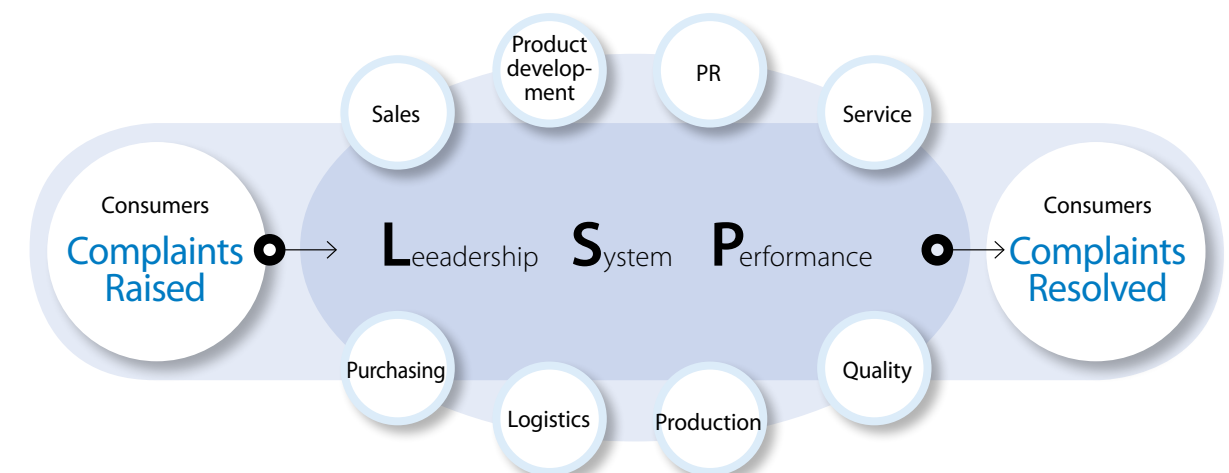
excellent CCM company' for the first time in the Korean refining industry in July of 2010.

Customer Service Center (CSC) ▶ The CSC (Customer Service Center), was established in 2001 through the integration of all of our customer service channels and continues to expand its scope of activities beyond customer service. With the goal of improving customer satisfaction, the CSC is engaged in every aspect of our business from the receipt to the resolution of overall customer inquiries. Such inquiries involve product quality compliments as well as product and service concerns from service station customers, service stations, bonus card customers and general customers.

KiXX-Express Training ▶ We offer 'KiXX-Express' training for employees at our service and filling stations to improve their service capabilities on the site at customer contact points. The training bus stops at the service station in concern and provides a daily training program that covers the ideal service mindset, 6-step service manuals and marketing programs (2 hours in total).

Customer Compliant Handling Performance

	2009	2010	2011
Complaint Handling Time - Average number of days between receipt and resolution of complaints (on the bonus card, service station's service quality, and product quality)	3.3	2.8	2.4
Satisfaction with Customer Complaint Handling (unit: points) - The percentage of customers found to be satisfied (more than 4 point scores on a scale of 1 to 5) via our 'happy call' made after compliant resolution	65.6	65.7	65.2
No. of KiXX-Express Trainees at Service Stations (unit: No. of persons)	1535	1685	1919
No. of KiXX-Express Trainees at Filling Stations (unit: No. of persons)	57	238	102



GRI 3.1 / ISO 26000 Index → 57

Third-party Assurance Statement → 62

UN Global Compact → 64

Reader's Voice → 65



GRI G3.1/ ISO 26000 Index

● Reported ● Partially Reported ○ Not Reported ◐ Not Available

Profile Disclosure	Reporting Level	No. of Page	Note	ISO 26000	ISO 26000 Core Subjects and Issues
Principle of Stakeholder Engagement				6.8.2	Community Involvement
Boundary Protocol				6.6.5	Promotion of Social Responsibility within Value Chain
Strategy and Analysis		1, 8			
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	3		6.2	Organizational governance
1.2	Description of key impacts, risks, and opportunities.	3		6.2	
Organizational Profile					
2.1	Name of the organization.	9			
2.2	Primary brands, products, and/or services.	9~11			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	9		6.2	Organizational governance
2.4	Location of organization's headquarters.	9			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	9			
2.6	Nature of ownership and legal form.	12			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	9			
2.8	Scale of the reporting organization.	9			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	9, 12			
2.10	Awards received in the reporting period.	67			
Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.		About This Report		
3.2	Date of most recent previous report (if any).		About This Report		
3.3	Reporting cycle (annual, biennial, etc.)		About This Report	6.2	Organizational governance
3.4	Contact point for questions regarding the report or its contents.		About This Report		
3.5	Process for defining report content.		About This Report		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		About This Report		
3.7	State any specific limitations on the scope or boundary of the report.		About This Report		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		About This Report		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.		About This Report		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.		About This Report		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		About This Report		
3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found.	57~61			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	62~63		7.5.3	Assurance

GRI G3.1/ ISO 26000 Index

● Reported ● Partially Reported ○ Not Reported ◐ Not Available

Profile Disclosure	Reporting Level	No. of Page	Note	ISO 26000	ISO 26000 Core Subjects and Issues
Governance, Commitments, and Engagement					
4.1	●	12		6.2	
4.2	●	12		6.2	
4.3	●	12		6.2	
4.4	●	12		6.2	
4.5	●	12		6.2	
4.6	●	12		6.2	
4.7	●	12		6.2	
4.8	●	1, 8		6.2	
4.9	●	12		6.2	Organizational governance
4.10	●	4, 5		6.2	
4.11	●	13		6.2	
4.12	●	13		6.2	
4.13	●	13		6.2	
4.14	●	14		6.2	
4.15	●	14		6.2	
4.16	●	14		6.2	
4.17	●	4, 5, 14 ~ 15		6.2	
Economic (Disclosure on Management Approach)					
6					
EC1	●	6		6.8/6.8.3/6.8.7/6.8.9	Community involvement and development/Community involvement/Social investment/Social investment
EC2	●	21 ~ 22		6.5.5	Climate change and mitigation
EC3	●	27		6.4.4/6.8	
EC4	●	6			
EC5	●	27		6.4.4/6.8	Conditions of work and social protection/Community involvement and development
EC6	◐	44		6.6.6/6.8/6.8.5/6.8.7	Promoting social responsibility in the value chain/Community involvement and development/Employment creation and skills/Social investment
EC7	●	26 ~ 27		6.8/6.8.5/6.8.7	Community involvement and development/Employment creation and skills/Social investment
EC8	●	49		6.3.9/6.8/6.8.3/6.8.4/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights/Community involvement and development/Community involvement/Education and culture/Technology development and access/Social investment/Social investment
EC9	●	46 ~ 49		6.3.9/6.6.6/6.6.7/6.8/6.8/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights/Promoting social responsibility in the value chain/Respect for property rights/Access to essential services/Community involvement and development/Technology development and access/Technology development and access/Wealth and income creation/Social investment

GRI G3.1/ ISO 26000 Index

● Reported ● Partially Reported ○ Not Reported ◐ Not Available

Profile Disclosure	Reporting Level	No. of Page	Note	ISO 26000	ISO 26000 Core Subjects and Issues
Environmental (Disclosure on Management Approach)					
17					
EN1	●	7, 35			
EN2	●	7, 20			
EN3	●	21			
EN4	●	21			
EN5	●	21			
EN6	●	21, 37 ~ 39		6.5/6.5.4	The environment/Sustainable resource use
EN7	●	21			
EN8	●	7, 23			
EN9	●	7, 23			
EN10	●	7, 23			
EN11	◐	-	We do not possess any land with high biodiversity value.		
EN12	◐	24			
EN13	◐	24		6.5/6.5.6	The environment/Protection of environment, biodiversity and restoration of natural habitat
EN14	●	-	Biodiversity protection plans are under discussion at the CSR Committee and will be disclosed in our 2012 sustainability report.		
EN15	◐	-			
EN16	●	7, 22			
EN17	●	7, 22		6.5/6.5.5	The environment/Climate change and mitigation
EN18	●	7, 22			
EN19	◐	-	We do not emit ozone-depleting substances.		
EN20	◐	7, 19			
EN21	●	7, 23			
EN22	●	7, 23		6.5/6.5.3	The environment/Prevention of pollution
EN23	◐	-	We do not emit significant hazardous substances.		
EN24	●	-	We do not export waste.		
EN25	●	-	Biodiversity management plans are under discussion at the CSR Committee.	6.5/6.5.4/6.5.6	The environment/Sustainable resource use/Protection of environment, biodiversity and restoration of natural habitats
EN26	●	34		6.5/6.5.4/6.6.6/6.7.5	The environment/Sustainable resource use/Promoting social responsibility in the value chain/Sustainable consumption
EN27	◐	-	The use of packaging materials accounts for only a minimal portion of the total.	6.5/6.5.4/6.7.5	The environment/Sustainable resource use/Sustainable consumption
EN28	●	-	There was no violation of environmental regulations.	6.5	The environment
EN29	●	24		6.5/6.5.4/6.6.6	The environment/Sustainable resource use/Promoting social responsibility in the value chain
EN30	●	20		6.5	The environment

GRI G3.1/ ISO 26000 Index

● Reported ○ Partially Reported ○ Not Reported ● Not Available

Profile Disclosure	Reporting Level	No. of Page	Note	ISO 26000	ISO 26000 Core Subjects and Issues
Labor Practices and Decent Work (Disclosure on Management Approach) 25					
LA1	●	27, 30		6.4/6.4.3	Labour practices/Employment and employment relationships
LA2	●	27			
LA3	●	30 ~ 31		6.4/6.4.3/6.4.4	Labour practices/Employment and employment relationships/Conditions of work and social protection
LA4	●	26		6.4/6.4.3/6.4.4/6.4.5/6.3.10	Labour practices/Employment and employment relationships/Conditions of work and social protection/Social dialogue/Fundamental principles and rights at work
LA5	●	26		6.4/6.4.3/6.4.4/6.4.5.4/6.4.3/6.4.4/6.4.5	Labour practices/Employment and employment relationships/ Conditions of work and social protection/Social dialogue
LA6	●	26			
LA7	●	28		6.4/6.4.6	Labour practices/Health and safety at work
LA8	●	28 ~ 29		6.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8	Labour practices/Health and safety at work/Community involvement and development/Community involvement/ Education and culture/Health
LA9	●	26 ~ 29		6.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8	Labour practices/Health and safety at work
LA10	●	31		6.4/6.4.7	Labour practices/Human development and training in the workplace
LA11	●	27, 31		6.4/6.4.7/6.8.5	Labour practices/Human development and training in the workplace/Employment creation and skills
LA12	●	31		6.4/6.4.7	Labour practices/Human development and training in the workplace
LA13	●	27		6.3.7/6.3.10/6.4/6.4.3	Discrimination and vulnerable groups/Fundamental principles and rights at work/Labour practices/ Employment and employment relationships
LA14	●	27		6.3.7/6.3.10/6.4/6.4.3/6.4.4	Discrimination and vulnerable groups/Fundamental principles and rights at work/ Labour practices/ Employment and employment relationships/ Conditions of work and social protection
LA15	●	30		6.3.7/6.3.10/6.4/6.4.3/6.4.4	Discrimination and vulnerable groups
Human Rights (Disclosure on Management Approach) 30					
HR1	○	30		6.3/6.3.3/6.3.5/6.6.6	Human rights/Due diligence/Avoidance of complicity/ Promoting social responsibility in the value chain
HR2	○	30		6.3/6.3.3/6.3.5/6.4.3/6.6.6	Human rights/Due diligence/Avoidance of complicity/ Employment and employment relationships/Promoting social responsibility in the value chain
HR3	●	7, 43		6.3/6.3.5	Human rights/Avoidance of complicity
HR4	●	30	There was no discrimination that occurred.	6.3/6.3.6/6.3.7/6.3.10/6.4.3	Human rights/Resolving grievances/Discrimination and vulnerable groups/Fundamental principles and rights at work/Employment and employment relationships
HR5	●	30	There is no area of business that may give rise to infringement of basic labor rights.	6.3/6.3.3/6.3.4/6.3.5/6.3.8/6.3.10/6.4.3/6.4.5	Human rights/Due diligence/Human rights risk situation/Avoidance of complicity/Civil and political rights/Fundamental principles and rights at work/ Employment and employment relationships/ Social dialogue
HR6	●	30		6.3/6.3.3/6.3.4/6.3.5/6.3.7/6.3.10	Human rights/Due diligence/Human rights risk situation/ Avoidance of complicity/Discrimination and vulnerable groups/ Fundamental principles and rights at work
HR7	●	30			Human rights/Avoidance of complicity/ Employment and employment relationships/ Promoting social responsibility in the value chain
HR8	○	43	It is under integrated management with ethics management.	6.3/6.3.5/6.4.3/6.6.6	Human rights/Resolving grievances/Discrimination and vulnerable groups/Fundamental principles and rights at work/Employment and employment relationships
HR9	○	-	There is no business in concern.	6.3/6.3.6/6.3.7/6.3.8/6.6.7	Human rights/Resolving grievances/Discrimination and vulnerable groups/Civil and political rights/ Respect for property rights
HR10	○	-	There is no business in concern.		Due diligence/Human rights risk situation
HR11	○	-	There is no business in concern.		Resolving grievances

GRI G3.1/ ISO 26000 Index

● Reported ○ Partially Reported ○ Not Reported ● Not Available

Profile Disclosure	Reporting Level	No. of Page	Note	ISO 26000	ISO 26000 Core Subjects and Issues		
Society (Disclosure on Management Approach) 41							
SO1	○	45 ~ 49		6.3.9/6.8/6.8.5/6.8.7/6.6.7	Economic social and cultural rights/Community involvement and development/ Employment creation and skills/Social investment/Respect for property rights		
SO2	○	-	There is no business unit with high risks of corruption.				
SO3	●	43		6.6/6.6.3	Fair operating practices/Anti-corruption		
SO4	●	42 ~ 43					
SO5	○	-					
SO6	○	-	We do not make any political donations.	6.6/6.6.4/6.8.3	Fair operating practices/Responsible political involvement/Community involvement		
SO7	●	42 ~ 43		6.6/6.6.5/6.6.7	Fair operating practices/Fair competition/ Respect for property rights		
SO8	●	43		6.6/6.6.7/6.8.7	Fair operating practices/Respect for property rights/ Social investment		
SO9	○	-			Community involvement and development		
SO10	●	45 ~ 49			Community involvement and development		
Product Responsibility (Disclosure on Management Approach) 33							
PR1	○	34		6.3.9/6.6.6/6.7/6.7.4/6.7.5	Economic social and cultural rights/ Promoting social responsibility in the value chain/Consumer issue/ Protecting consumers' health and safety/ Sustainable consumption		
PR2	●	-	There is no violation recorded.				
PR3	○	34		6.7/6.7.3/6.7.4/6.7.5/6.7.6/6.7.9	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/Protecting consumer's health and safety/Sustainable consumption/ Consumer service, support, and complaint and dispute resolution/Education and awareness		
PR4	●	-	There is no violation recorded.				
PR5	●	55		6.7/6.7.4/6.7.5/6.7.6/6.7.8/6.7.9	Consumer issue/Protecting consumer's health and safety/ Sustainable consumption/ Consumer service, support, and complaint and dispute resolution/Access to essential services/Education and awareness		
PR6	●	55		6.7/6.7.3/6.7.6/6.7.9	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/Consumer service, support, and complaint and dispute resolution		
PR7	●	55					
PR8	●	54		6.7/6.7.7	Consumer issue/ Consumer data protection and privacy		
PR9	●	-	There is no penalty imposed.	6.7/6.7.6	Consumer issue/ Consumer service, support, and complaint and dispute resolution		
Declaration of the GRI G3.1 Application Level							
Our GS Caltex Sustainability Report 2011 was prepared in accordance with the GRI G3.1 guidelines and we self-declare that this report meets all the requirements for the Application Level A+. The Korean Standards Association served as an independent assurance provider of this report and confirmed that the report qualified for the Application Level A+.							
In accordance with the 2002 Guidelines		C	C+	B	B+	A	A+
Mandatory	Self-Declaration		Independent Assurance Report		Independent Assurance Report		Independent Assurance Report
Optional	Third-Party Verification						Independent Assurance Report

Third-party Assurance Statement

Dear **GS** Caltex Management and Stakeholders:

Introduction

The Korean Standards Association (KSA, the 'assurer' hereafter) was commissioned by **GS** Caltex to assure the '**GS** Caltex Sustainability Report 2011(the 'Report' hereafter). KSA reviewed the evidence and validity of the data, achievements and relevant systems in this Report written by **GS** Caltex to arrive at independent assurance conclusions. **GS** Caltex is entirely and solely responsible for the collection, analysis and organization of the information and all the statements included in this Report.

● Independence

Aside from providing third-party assurance on the Report, KSA is an independent and autonomous association and is not affected by any influence or interests of **GS** Caltex.

● Assurance Standards and Level

The assurance provider used the AA1000AS 2008, GRI G3.1 guidelines and ISO 26000 principles in performing the assurance engagement. The assurance principles of inclusivity, materiality and responsiveness under the AA1000AS 2008 were followed in assuring this report. This also constitutes a moderate-level assurance regarding the reliability of the report content.

● Assurance Type and Scope

KSA's assurance is a Type 2 assurance as defined by the AA 1000AS standards, which means that as an assurance provider, KSA evaluated the reliability and accuracy of specified sustainability performance information within the Report in accordance with the AA 1000AS principle of reporting responsibility.

The scope of this assurance is limited to the systems and activities of **GS** Caltex covering sustainability policies & goals, business and performance between January 1, 2011 and December 31, 2011. Not included in the assurance scope is the verification of financial data in its narrow meaning. The assurance engagement focused on the data regarding environmental, social and wider economic achievements. KSA's involvement with stakeholder engagement was limited due to its review of the materiality evaluation process.

● Assurance Methodology

KSA gathered the necessary information, data and evidence in relation with the assurance scope and provided assurance using the following methods:

- Review of sustainability issues that may impact **GS** Caltex and garner attention from stakeholders
- Review of the process to determine material issues to be included in the Report
- Interviews with **GS** Caltex employees in charge of sector-specific performance data and review of data collection systems
- Review of the sustainability data preparation process through the physical visit to the **GS** Caltex headquarters and Yeosu Complex
- Review of internal documents and basic data to support core statements within the Report
- Review of the consistency between financial data in the Report and corporate audit reports
- Consistency between financial data in the Report and corporate audit reports

● Assurance Results and Opinions (regarding assurance principles/process)

KSA reviewed the draft of the Report and presented its opinions. The Report was revised if deemed necessary. With its assurance, KSA arrived at the conclusion that the content of this Report reflects the sustainability of **GS** Caltex's management void of significant errors or biases.

As such, KSA outlines the following opinions regarding the Report.

• Inclusivity

Inclusivity means that **GS** Caltex should fulfill its duty to explain on sustainability and engage stakeholders in developing and implementing relevant strategic measures. KSA believes that **GS** Caltex is operating appropriate processes and channels to ensure stakeholder engagement. In particular, KSA highly evaluated it in that it applied adequate levels of weighting to major stakeholder issues regarding social responsibility as it previously did in 2010 and created a more systemic and objective system to identify stakeholder issues. It is recommended that **GS** Caltex designate employees in charge of the integrated management of wide-ranging stakeholders for more balanced communication on a company level.

• Materiality

Materiality means that **GS** Caltex should determine the level of relevance and significance of a specific issue regarding the organization and its stakeholders.

KSA is not aware of any significant omissions or exclusions of critical information on the part of **GS** Caltex. KSA also verified that **GS** Caltex went through the materiality test process in identifying core issues covering the analysis of recent trends, stakeholder interviews, the analysis of industry peers, the analysis of media coverage and internal diagnosis.

• Responsiveness

Responsiveness is defined as an organization's response to the stakeholder issues that affect its sustainability performance and it is achieved through decision-making activities in addition to performance and stakeholder communication.

KSA believes that **GS** Caltex reflects material sustainability issues in determining its guidelines and initiatives and is responding to stakeholder demands. Specifically, it is highly encouraging that **GS** Caltex is creating social responsibility strategies, implementing these strategies with the proactive support from top management, monitoring relevant outcomes, identifying additional possible improvements and continuing to work on these improvements. It is recommended, however, that **GS** Caltex perform internal reviews to reduce any errors in the process of calculating, collecting and preparing performance indicators in the Report and engage in quality assurance activities covering the creation of internal guidelines and procedures to comply with the principles of accuracy and consistency.

• Our Recommendations for Further Improvement (regarding implementation performance and issue)

The following recommendations aim to assist **GS** Caltex in laying the basis for sustained response to sustainability issues through the creation of company-wide level sustainability management strategies.

• Economy

Growing uncertainties in the global political landscape caused by fluctuations of oil prices and foreign exchange rates are exerting direct impact on the energy industry and stakeholders are clearly aware of these emerging issues. **GS** Caltex would benefit from diversifying and expanding the scope of its risk management activities and make responsive strategies accordingly in order to maintain its global competitive edge.

• Environment

At **GS** Caltex, energy management and efficiency improvement initiatives are being undertaken and GHG emissions are being managed under the corporate slogan of 'company-wide response to climate change'. **GS** Caltex would benefit from taking a step further to disclose the quantitative data of its energy consumption or GHG emissions in order to illustrate its endeavors and achievements in addressing climate change. Meanwhile, the disclosure of environmental indicators may emphasize the achievements measured against the set sustainability management strategies.

• Society

With the growing importance of fair trade, **GS** Caltex is recommended to expand its strategic activities to maintain and enhance the trust and reputation among stakeholders and disclose the endeavors it is making to this end. The company would benefit from sharing with stakeholders such information as its top management's commitment to fair trade, detailed activities taken by departments in charge and activities to prevent any reoccurring violations of the fair trade principle through sustainability reports.

June 2012

Chang-Ryong Kim,

Chairman & CEO of the Korean Standards Association



AA1000
Licensed Assurance Provider
000-70

Chang Ryong Kim

Korean Standards Association(KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. KSA is committed to the sustainable development of the Korean society as an ISO 26000 national secretary, recognized GRI training body, AA1000 assurance provider, KSI(Korea Sustainability Index) operator, UN CDM DOE(development operational entity), and assurance provider of the Korean government's greenhouse gas energy target management system.



UN Global Compact

Since joining the UN Global Compact in December of 2010, **GS Caltex** has been a strong supporter of its principles in the areas of human rights, labour, the environment and anti-corruption, fulfilling its duty to come up with the COP (Communication on Progress) report each year. This year's COP was prepared to meet the UNGC Advanced Level requirements and outlines our compliance activities in greater detail.

Criterion	Report Content
Strategy, Governance and Engagement	
1. The COP describes key aspects of the company's high-level sustainability strategy in line with Global Compact principles.	<ul style="list-style-type: none"> Discussion of activities in relation with human rights, labour, the environment and anti-corruption through the CSR Committee Stipulation of GS Caltex's human rights policies in accordance with international standards including the UN Human Rights Declaration and human rights responsibility regulations
2. The COP describes effective decision-making processes and systems of governance for corporate sustainability.	<ul style="list-style-type: none"> Integrated risk management in the economic, social and environmental sectors through the Board of Directors
3. The COP describes engagement with all important stakeholders.	<ul style="list-style-type: none"> Collection of opinions through interviews conducted from each stakeholder group The Ministry of Environment, labor union, civil consumer's organization, GS Holdings, E-IL Industry, Ye-ul Maru Project Council, Eunma Service Station, Korea Sustainability Investing Forum
UN Goals and Issues	
4. The COP describes actions taken in support of broader UN goals and issues.	<ul style="list-style-type: none"> Provision of opportunities for the equal development of human resources Promotion of women's rights through the operation of an in-house childcare facility Implementation of a company-wide CSR strategy to secure a sustainable environment
Human Rights Implementation	
5. The COP describes robust commitments, strategies or policies in the area of human rights.	<ul style="list-style-type: none"> Application of the human rights guidelines stipulated in 2011 to the expansion of the human rights awareness of employees and the implementation of human rights policies in the upcoming years
6. The COP describes effective management systems to integrate the human rights principles.	<ul style="list-style-type: none"> Discussion of human rights issues through the CSR Committee
7. The COP describes effective monitoring and evaluation mechanisms of human rights integration	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review human rights issues and to reflect improvements in business conduct
8. The COP describes key outcomes of human rights integration.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review human rights issues and to reflect improvements in business conduct
Labour Principles Implementation	
9. The COP describes robust commitments, strategies or policies in the area of labour.	<ul style="list-style-type: none"> Implementation of the corporate vision for mutually-beneficial relationships between labor and management through the establishment of productive labor relations in accordance with the Great Work Place strategy
10. The COP describes effective management systems to integrate the labour principles.	<ul style="list-style-type: none"> Regular discussion of labor outcomes through the CSR Committee
11. The COP describes effective monitoring and evaluation mechanisms of labour principles integration	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review the outcomes of labor practices and to reflect improvements in business conduct
12. The COP describes key outcomes of integration of the labour principles.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review the outcomes of labor practices and to reflect improvements in business conduct
Environmental Stewardship Implementation	
13. The COP describes robust commitments, strategies or policies in the area of environmental stewardship.	<ul style="list-style-type: none"> Implementation of low carbon environmental management strategies and review of the possible conduct of CDM projects and entry into the carbon market
14. The COP describes effective management systems to integrate the environmental principles.	<ul style="list-style-type: none"> Regular discussion of environmental outcomes through the CSR Committee
15. The COP describes effective monitoring and evaluation mechanisms for environmental stewardship.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct
16. The COP describes key outcomes of the integration of the environmental principles.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct
Anti-Corruption Implementation	
17. The COP describes robust commitments, strategies or policies in the area of anti-corruption.	<ul style="list-style-type: none"> Implementation of fair operating practices on a strategic level Assistance to suppliers in establishing their own voluntary compliance programs
18. The COP describes effective management systems to integrate the anti-corruption principle.	<ul style="list-style-type: none"> Regular discussion of anti-corruption outcomes through the CSR Committee
19. The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct
20. The COP describes key outcomes of integration of the anti-corruption principle.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct
Value Chain Implementation	
21. The COP describes the implementation of the Global Compact principles in the value chain.	<ul style="list-style-type: none"> GS Caltex's sustainability management strategy - created in accordance with the ISO 26000 and includes the 10 UNGC principles
Transparency and Verification	
22. The COP provides information on the company's profile and context of operation.	<ul style="list-style-type: none"> Provision of general corporate information including its organizational profile and operational methodology through sustainability reports
23. The COP incorporates high standards of transparency and disclosure.	<ul style="list-style-type: none"> Incorporation of such international standards as the ISO 26000, the UNGC principles and the GRI G3.1 guidelines in the publication of sustainability reports
24. The COP is independently verified by a credible third-party.	<ul style="list-style-type: none"> Third-party verification made by the Korean Standards Association

Reader's Voice

Reader Feedback Survey on the **GS Caltex Sustainability Report 2011**

GS Caltex Sustainability Reports are published every year to communicate our performance in meeting our social responsibilities that cover: the economy, the environment and our social contributions. Moreover, it is published to gather the invaluable feedback of our stakeholders so that we may incorporate it into the fabric of our business conduct in the upcoming years. To grow into a sustainable company beloved by stakeholders through our compliance with our social responsibilities, we will carefully turn our ears to your voice concerning this report and the entire business operation at **GS Caltex**.

1. Which of the following applies to you?

- GS Caltex** employee
- Shareholder
- Financial institution
- Customer
- Supplier
- NGO
- Local resident
- Academia
- Government
- Media
- Research institute
- Other []

5. How would you evaluate this report?

- Highly unsatisfactory
- Unsatisfactory
- Average
- Satisfactory
- Highly satisfactory

2. Which is your main area of interest? (Multiple choices permitted)

- Stakeholder communication
- Human rights
- Environment
- Consumer issue
- Organizational governance
- Labor practices
- Fair operating practices
- Community involvement and development

6. Please feel free to suggest any improvements that could be made to this report.

3. Please rate the completeness and usefulness of the data presented in this report.

	◀ Not satisfied 1 2 3 4 5 Satisfied ▶
Stakeholder communication	□ □ □ □
Low carbon environmental management	□ □ □ □
Great Work Place	□ □ □ □
Extension of product and service responsibility	□ □ □ □
Establishment of future energy leadership	□ □ □ □
Fair operation	□ □ □ □
Community involvement and development	□ □ □ □
Promotion of sustainable consumption	□ □ □ □
Protection of consumer rights	□ □ □ □
Others	[]

7. Please feel free to share any expectations you may have regarding our business activities at **GS Caltex**.

Thank you for your cooperation.

4. Please rate the following activities (according to their importance) that **GS Caltex** should pursue in order to develop in a more sustainable manner.

	◀ Not satisfied 1 2 3 4 5 Satisfied ▶
Stakeholder communication	□ □ □ □
Low carbon environmental management	□ □ □ □
Great Work Place	□ □ □ □
Extension of product and service responsibility	□ □ □ □
Establishment of future energy leadership	□ □ □ □
Fair operation	□ □ □ □
Community involvement and development	□ □ □ □
Promotion of sustainable consumption	□ □ □ □
Protection of consumer rights	□ □ □ □
Others	[]

Your invaluable feedback, received via the contact point below, will be greatly appreciated.

Environment & Product Quality Planning Team, **GS Caltex**

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Awards

Jan. 2010	Best Safety Management Company Award 2009, Yeosu City
Sep. 2010	No. 1 in Korean Industry sector of the Korean Consumer Satisfaction Index(KCSI) 2010, Korea Management Association Consulting(KMAC)
Oct. 2010	Selected for the Marine Safety Competition, Ministry of Land, Transport and Maritime Affairs
Nov. 2010	Prime Minister's Award at the 12th Korea Master Brand Awards, Prime Minister
Nov. 2010	1st in the Service Station sector in the National Customer Satisfaction Index 2010, Korea Productivity Center
Nov. 2010	Grand Prize at the Workplace Innovation Awards 2010, Ministry of Employment and Labor
Nov. 2010	Selected as a top-former under the voluntary chemicals emission reduction agreement, Ministry of Environment
Apr. 2011	Grand Prize at the Customer's Beloved Brand Awards 2011, JoongAng Daily
Jul. 2011	Korea's Top Win-Win Partnership Company Award, Ministry of Knowledge and Economy
Oct. 2011	Prime Minister's Award at the Labor-Management Culture Awards 2011, Ministry of Employment and Labor
Oct. 2011	Top performer in the Korean Sustainability Index 2011, Korean Standards Association
Nov. 2011	Presidential Award at the 33rd Energy Saving Competition, Ministry of Knowledge and Economy
Nov. 2011	Grand Prize, Ethics Management Awards, Korea Association of Business Ethics
Nov. 2011	\$20 Billion Export Award for the 2nd time in the history of Korea, Korea International Trade Association
Dec. 2011	1st in the Service Station sector in the National Customer Satisfaction Index for 3rd consecutive years, Korea Productivity Center